



Application Reference: 17/02896 Olds Garage, Yeovil Sequential Test Summary Note

Further to extensive discussion during consideration of the above application this note provides a summary of the applicants consideration of the Cattle Market and the former BHS unit in Yeovil town centre in respect of the sequential test policy tests. These comments should be read in conjunction with the Planning and Retail Statement, and subsequent written submissions made in respect of the sequential test.

Cattle Market

We have provided extensive commentary in relation to the Cattle Market site and its viability, including confidential information provided by a development company who tried to secure and progress a mixed use development on the site in 2015.

The information submitted in March sought to explain the issues that were encountered by that developer in attempting to deliver a viable comprehensive scheme for the Cattle Market site, they also provided a development viability appraisal and details of the abnormal development costs which informed their decision.

The initial scheme sought a comprehensive development reflecting market interest at that time and included an Aldi, Costa and a hotel. However, market interest for new retail space was very limited. The hotel operator withdrew their interest as the scheme evolved. The viability appraisal of the site, based on the identified likely tenant range and taking account of a site abnormal cost of about £1,000,000, delivered a residual land value of only £680,000. The landowner at the time required a land value of over £2,000,000 and would not accept a price reduction. The figures illustrate a fundamental lack of viability of delivering the cattle market for commercial uses, even as a comprehensive scheme.

The abnormal costs identified were the result of a number of factors. In terms of site topography, there is a substantial levels fall across the site of up to 12m. The scheme involved the creation of 3 plateau areas upon which a coffees shop, discount foodstore and hotel would sit as shown on the attached drawing.

Substantial existing retaining structures exist to the south of the site which created structural stability and third party issues. Areas of the site have poor existing ground conditions which had significant associated decontamination costs.

With regard to access the cost of creating an acceptable junction proved an issue. A left in /left out solution meant that traffic could not exit right onto Reckleford Road, a tenant requirement that could not be achieved safely.

The proposal also required as a requisite to any development, effective pedestrian linkage to the town centre, which gave rise to exceptional costs and land take for steps and lift arrangements.

These factors are all acknowledged in the Council's "Yeovil Town Centre Refresh" document published in March 2018 which states in relation to the Cattle Market site that:

"Nonetheless one of the key issues that will affect the deliverability and viability of the site is the brownfield nature of the site including possible contamination, the sloping nature of the site, ground conditions and the need for demolition. We understand that the costs associated with these factors have led to a previous scheme stalling – particularly when coupled with the landowner's value expectations. In addition, the extent of potential highways works which could be associated with a redevelopment of this site will be a key factor in scheme viability. Due to the scale and complexity of the site it is anticipated that a private sector developer is most likely to bring the site forward. Flexibility on the precise mix of uses is likely to be required to enable and maximise the chance of a market solution being delivered on the site. Where this is not forthcoming public sector intervention may be required to help unlock the site".

The above demonstrates the costs associated with delivery of a comprehensive redevelopment scheme on this site. Had there been a viable scheme one would have expected an alternative to CPG's proposal to have progressed in the 18 months since they withdrew. No such scheme has emerged.

A single foodstore scheme would be even less viable in this location. The abnormal development costs associated with levels, remediation, infrastructure and access would have to be covered by a single commercial unit alone.

This underscores and supports our previous assessment that this site is unsuitable for the proposed development. I would add that this conclusion is not Aldi specific since the same viability constraints would apply to any similar type or size of foodstore.

I note that the owners of the Quedam centre state that they have agreed an option with the landowner, however, no further information as to site costs, values, or proposals for the sites redevelopment are available at this time for any further assessment to be made of its viability that would contradict the evidence provided above.

Former BHS Unit, Quedam Shopping Centre

In addition to the comments made in our Planning and Retail Statement in relation to the suitability of this site, I would also make the following comments in terms of its availability and viability.

Following the collapse of BHS, the lease (which expires December 2020) fell back to the original tenant Safeway/Morrisons who continue to pay rent, rates and service charge. Morrisons pay a rent of £380,000 per annum, service charge of approximately £120,000 per annum and rates of approximately £188,000 pa. There is an ongoing negotiation between Morrisons and the owners of the Quedam Centre regarding a premium that might be payable to surrender the lease.

Meantime, whilst the unit has been offered to let as a whole, the letting agents report an absence of interest from food retailers. There was interest from B&M Bargains and The Range, however access to the servicing area via the scheme car park could not accommodate the double height articulated lorries used by B&M, and the unit proved too much of a divergence from the standard trading model for The Range. Whilst as a former shop unit it is clearly suitable for retail use, its suitability to accommodate the application proposal for a discount foodstore is a different matter.

Aldi have looked at this unit, and confirmed its position that it does not present a deliverable opportunity for them as the ground floor is too large for their requirements and the basement is not suitable for food retail use. There is no free dedicated parking available, which makes the unit uncompetitive in the Yeovil market, and the servicing arrangement is compromised with the servicing area unable to accommodate appropriately sized delivery vehicles. It is not therefore considered suitable to accommodate the application proposal.

Aldis agents have confirmed that there are several fundamental reasons why the unit would not be suitable even if it could be subdivided to provide smaller units, including the lack of free and at grade customer parking, the pedestrianised location and the servicing arrangements. They confirm that Aldi would not operate a store from this location under any circumstances as they could not trade it under the terms of their business model. Rents and service charges on the unit come to £500k and a typical Aldi store is under £300k, so not financially viable for them in any event.

The store referred to in comments from the Spatial Policy team in Bournemouth is entirely different, where Aldi is situated in a former BHS unit situated in a terrace of purpose built units located on an out of centre retail park, with at grade surface parking directly in front of the store. This is entirely different to the opportunity presented here in Yeovil and a completely different set of circumstances.

We have made extensive comments on the suitability, availability and viability of the BHS unit in previous representations and reiterate that it is our view that the site can be discounted as a sequentially preferable alternative to the application site for all of the reasons previously stated.

We understand that there is demand from retailers seeking smaller units, and have been advised that there is potential to subdivide the unit and that there are negotiations in place with three retailers (solicitors instructed on two lettings). However, to enable these to go ahead, the Quedam owners need to agree terms for surrendering the existing lease with Morrisons which does not expire until the end of 2020. It's availability is therefore questionable.

One of the issues for Quedam owners is that achievable rental levels are significantly lower than currently rents paid by Morrisons until December 2020. The viability of a subdivision proposal is therefore also compromised in any event.

Conclusion

We have demonstrated that the application proposal is compliant with the requirements of the sequential test, and have provided comprehensive commentary in relation to the suitability, availability and viability of the above two sites. It is unsurprising that other commercial organisations are seeking to protect the value of their assets through making their own submissions, and it is of course the Council's role as decision maker to review and weigh up all these comments in assessing the planning balance and the potential benefits and impacts of the application proposal.

As an edge of centre site, immediately adjacent to the town centre in a sustainable location it is considered that the application proposal will serve to improve the vitality and viability of this part of Yeovil, creating new jobs, encouraging investment and regenerating a derelict and vacant site.

Our findings have demonstrated that the application proposal would bring additional retail range and choice to the area, with consequential benefits in sustainability and employment terms.

The proposed new store will clawback food trade lost to stores further afield. The Council's retail consultants have identified a capacity for the amount of convenience goods floorspace proposed by this application. The application proposal would therefore enable the regeneration of this highly accessible and visually prominent site, delivering a modern and attractive new retail facility and meet a need for improved retail choice in this part of Yeovil.

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