

Open Letter from  
Residents in the Crystal Palace area

17 January 2014

Rt Hon Dame Tessa Jowell MP  
Hon Jim Dowd MP  
Hon Steve Reed MP  
Hon Chuka Umunna MP

cc Mayor Boris Johnson  
Darren Johnson AM

**CONCERNS ABOUT PROCESS IN THE LAND DEAL THAT IS PART OF THE ZHONGRONG GROUP'S PROPOSAL IN CRYSTAL PALACE**

Dear Dame Tessa, Mr Dowd, Mr Reed and Mr Umunna,

We are writing to you, as residents in your respective constituencies, about our concerns regarding the land deal that is currently being negotiated as part of the ZhongRong Group's (ZRG) proposal for a new Crystal Palace building. Specifically we are seeking your guidance about the appropriateness of the current process for the potential disposal of Metropolitan Open Land by a Local Authority to a private organisation for development.

Our understanding is that ZRG is seeking to acquire from LB Bromley a 125 year leasehold agreement for the site relating to their proposal<sup>1</sup>, and that the intention of ZRG and LB Bromley is to sign a Heads of Terms Agreement before the end of Feb 2014. A leasehold of 125 years can be mortgage financed and therefore in our view it would amount to an effective sale for development of publically owned land that forms part of an English Heritage Grade II\* listed park<sup>2</sup>, and which is designated as Metropolitan Open Land.

It has been confirmed to us by the appointed agent of ZRG that they require 100% control over both the land and the building in advance of committing to undertake their proposed development.

We note that ZRG is a private company headquartered in Shanghai and is ostensibly a subsidiary of the ZhongRong International Holding Company domiciled in Hong Kong<sup>3</sup>. It has been confirmed to us by ZRG's agents that the Chinese Government is an investor in ZhongRong.

LB Bromley is the Freehold owner of the site and is as far we understand permitted to unilaterally enter into commercial lease agreements for the site, subject to its statutory obligations and custodianship role for the park. LB Bromley substantiates their current exclusive negotiations with ZRG by saying that no other expressions of interest for the site have been forthcoming. However, this development opportunity as it is presently being negotiated has not been openly advertised nor

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<sup>1</sup> See map of exclusivity zone (by Arup): [http://www.crystalpalacecampaign.org/images/Exclusivity\\_Agreement\\_Plan\\_2\\_.pdf](http://www.crystalpalacecampaign.org/images/Exclusivity_Agreement_Plan_2_.pdf) Exclusivity agreement press release: [http://www.bromley.gov.uk/press/article/750/exclusivity\\_agreement\\_for\\_crystal\\_palace\\_park](http://www.bromley.gov.uk/press/article/750/exclusivity_agreement_for_crystal_palace_park) and exclusivity agreement summary document (by LB Bromley): <http://www.crystalpalacecampaign.org/ZRA%20exclusivity.pdf>

<sup>2</sup> [http://www.bromley.gov.uk/info/200073/parks\\_and\\_open\\_spaces/780/about\\_crystal\\_palace\\_park](http://www.bromley.gov.uk/info/200073/parks_and_open_spaces/780/about_crystal_palace_park)

<sup>3</sup> Hong Kong *is not* a signatory to the joint statement committing to early adoption of the OECD's Common Reporting Standard for on transparency and exchange of information for tax purposes <http://www.oecd.org/tax/transparency/Joint%20Statement.pdf>, although Hong Kong was part of the OECD's 2013 Global Forum at which this statement was signed <http://www.oecd.org/tax/transparency/>

publically tendered to inform the market – other willing parties may come forwards if they are aware of the opportunity and invited to bid.

In addition to the 16 month exclusivity agreement that has been entered into between LB Bromley and ZRG running until Feb 2015, it has recently come to our attention that a Memorandum of Understanding (MoU) was signed by the Greater London Authority, LB Bromley and ZRG on 27 March 2013 – 6 months before the ZRG proposals were formally announced to the public. The MoU required that the parties agree to hold their discussions in private and that “...any information which reaches the public domain prematurely could have a negative and disproportionate effect on the future of the park.”

We know that there is mounting dissatisfaction with how the community consultation process for the development proposal is being managed. The Crystal Palace Park Stakeholder Group has expressed concern that “a number of organisational shortcomings [were] evident at the drop-in event” organised by ZRG’s UK agents in Dec 2013.

It was recently announced<sup>4</sup> that an application to the Heritage Lottery Fund (HLF) to contribute towards park restoration has been refused as a direct consequence of the ZRG intervention<sup>5</sup>. The funding of £4.5m from HLF would have leveraged ca £3m of funding from the GLA and LB Bromley, already committed subject to securing HLF funding. Indications by LB Bromley throughout the HLF bid process suggested that there was a strong chance of the HLF bid being successful. In practical terms therefore, the park is now confronted with a loss of £7.5m of public funding due to ZRG’s actions without any financial commitment from ZRG to compensate for this loss if their proposals are unsuccessful or if they withdraw.

We understand that ZRG needs to secure the land deal, at least in principle, as a precursor to them ramping up their work on the proposal, which will include the preparation of a full planning application and launching an attempt to alter or repeal the 1990 Crystal Palace Act of Parliament that restricts construction on the site.

Due to the impact of such a land deal on the future of the Crystal Palace Park, and on land that is both MOL and a heritage site of national significance, we are concerned that:

- a) this land deal may potentially be in conflict with the rationale behind MOL designation;
- b) this land deal is being unilaterally and privately negotiated between LB Bromley and ZRG without open competition or public tender;
- c) public funding for park restoration (from GLA, HLF and Bromley) has been lost as a direct consequence of ZRG interventions, without commensurate financial guarantees or upfront recompense should the ZRG proposal come to naught;
- d) in practical terms ZRG and its international holding company in Hong Kong, through being private companies with no accountability to the UK public, may in effect be given carte blanche for the future treatment and development of the site;
- e) assurances by ZRG regarding the parts of the scheme that will remain for public amenity use cannot be guaranteed nor legally and robustly secured;

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<sup>4</sup> <http://www.crystalpalacepark.org.uk/2014/heritage-lottery-fund-application-fails/>

<sup>5</sup> [http://crystalpalacepark.org.uk/HLF\\_2014bid.pdf](http://crystalpalacepark.org.uk/HLF_2014bid.pdf)

- f) the terms of the land deal for a site of such significant public interest are not the subject of more public consultation, debate and scrutiny;
- g) the private nature of the negotiations for the land deal means that there is little transparency in how MOL is being protected from inappropriate development.

In conclusion, we are writing to ask for your advice:

- 1) How we can ensure that due process is followed in ZRG and LB Bromley seeking to agree a land deal before the end of Feb 2014?
- 2) How we can ensure that appropriate safeguards are in place to protect the public interest if the land deal goes ahead?
- 3) How can we secure appropriate upfront financial commitments from ZRG to ensure that the park and community is no worse off as a direct result of their interventions?
- 4) If we are dissatisfied with the current process, what formal mechanisms are available to us to remedy the situation (such as calling for a judicial review or similar) and what are the options for initiating these?

We look forward to hearing from you at your earliest convenience.

Yours sincerely,

<u>Signatories (alphabetically)</u>	<u>Constituency</u>
Peter Austin	Croydon North
Sue Giovanni	Dulwich and West Norwood
Adrian Hill	Dulwich and West Norwood
Amanda Hone	Dulwich and West Norwood
Jules Hussey	Dulwich and West Norwood
Ellinor Michel	Lewisham West & Penge
Lydie Plancke	Streatham
Karl Richter	Lewisham West & Penge
Ray Sacks	Croydon North
Pat Trembath MBE	Lewisham West & Penge