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Zugló Polgármestere

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**Csaba Horváth**

Mayor- City of Budapest, District 14 Zuglo Municipality  
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Tim Caulfield

Director - UIA Permanent Secretariat Les  
Arcuriales, 45/D rue de Tournai 59 000 Lille  
France

Budapest, 26 November 2021

Dear Mr. Caulfield,

**Subject: UIA03-246 – Request for information on potential Programme support to the E-Co-Housing project**

I'm contacting you with regards to the E-Co-Housing project facing a crisis because of unforeseen events highly jeopardizing, for the time being, hindering the successful realization.

As informed earlier through Annual Progress Reports and targeted consultations with the project officer, a major request for change procedure was completed this summer to manage the fundamental changes in the content and timeframe of the project caused by external factors such as

- the drastic price increase on the construction market leading to a serious lack of financial resources to cover the costs of the building to be constructed (resulting in an 30-50% price increase on the market), and
- the financial situation of the Municipality weighted by the Governmental budget cuts implied on all municipalities due to the urgent need for managing the COVID crisis in Hungary (resulting in a yearly Municipal budget cut of cca EUR 11 million).

In line with the changes approved, major efforts were made by the partnership to reconsider and redesign the technical content into a high-quality innovative concept that is feasible and manageable both in terms of time and money.

Despite these redesigning efforts, the final cost need of the building still exceeded the budget available, raising the need for providing extra finances by the Municipality, being the basic condition to launch the public procurement for construction. As forced by the legal procedures, such an extra financing measure must be approved by the City Council.

I regret to inform you, that the Council of the Municipality of Zugló on its meeting of the 28th of October 2021 did not support the provision of extra finances and the launching of the public procurement process related to the E-Co-Housing project.

Considering all these aspects the Council agreed that the Municipality of Zugló is not able to provide the 1 969 000 EUR financial support to the project on top of the subsidy granted by UIA.

However, the Council has not voted directly to stop the implementation of the project either but requested the Mayor of Zugló to investigate possibilities for continuation of the project.

To investigate the possibilities, we would like to receive official information from UIA whether it is possible

- to grant extra financial resources for the project, enabling the financing of the construction of the building according to the redesigned construction plans, and /or
- to provide extra time for the successful realization of the building and of all other activities of the project, highly depending on the building constructed.

We are also working on alternative ideas, for instance fully renovating an already existing building owned by the municipality, but this solution also requires more time we have left from the project, so extra time would be essential.

Please, let us know your official opinion on this to be able to decide responsibly on our next steps in the project. Please be aware that it is an interest jointly confirmed by the Municipality of Zugló and the entire partnership to make this project into a success.

We are looking forward to your reply and we hope to get a supportive answer

Yours sincerely,



**Csaba Horváth**  
Mayor- City of Budapest, District 14 Zuglo Municipality