



THE NEW GOVERNMENT MEASURES FOR HABITATION

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The Government approved on 16th February 2023, in the Council of Ministers, a set of measures to combat real estate speculation.

We identify the proposed measures below:

1. Increase in habitation offer:

In this context, the Government approved the possibility that classified land or properties licensed for commerce or services may be used for the construction of, or reconverted for habitation.

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The Government will also make land or buildings available for cooperatives or the private sector to make affordable habitation, and for this purpose there will be two tenders dedicated to model construction.

2. Simplification of licensing procedures:

Architectural and specialty projects will now only be licensed on the basis of a term of responsibility of the project designers, no longer being subject to municipal licensing.

On the other hand, and taking into account that the licensing processes are quite lengthy due to the need for opinions from public entities, these will now be subject to an effective financial penalty if they do not comply with the deadlines provided by law for that purpose.

3. Increasing the rental market:

To this purpose, the State proposes to lease properties from landlords for a period of five years and then sublet these properties.

Furthermore, regarding eviction requests that are filed at the entity created for this purpose (Balcão Nacional de Arrendamento), after three months, the State proposes to substitute the tenant in the payment of the rents.

A credit line of 150 million euros is also foreseen to finance coercive works by municipalities.

Tax incentives for accessible renting will be reinforced:

- a. Exemption from IMT payment in the acquisition of houses for accessible renting;
- b. VAT rate of 6% for those who carry out rehabilitation works on these properties;
- c. IRS exemption on property income.

Finally, the autonomous rate of IRS on rental income is reduced from 28% to 25%.

4. Prohibition of new local accommodation licenses (Alojamento Local):

Also with the aim of increasing the lease market, the issuing of new local accommodation licenses will now be prohibited, unless it is rural accommodation in municipalities in the interior of the country. As for existing licenses, these will be reassessed in 2030.

Owners with local accommodation licenses who wish to return to long term leases by the end of 2024 will have a 0% rate in the IRS until 2030.



5. Combat speculation:

The Government approved the end of the concession of new Golden Visas, and for renewal purposes, renewals will only be admitted for those who have invested in real estate for their permanent residence or for placement in the long term lease market.

On the other hand, the growth of rents in new lease contracts will be limited, and these should "result from the sum of the rent practiced with the annual updates and the value of the increase of inflation set by the European Central Bank".

6. Family support

The exemption from capital gains tax on the sale of a house to repay the home loan of the owner or his or her descendant is allowed.

In addition, in housing credit, all banks will have to offer fixed rates.

The State will subsidize part of the increase in interest on mortgage loans of up to €200,000.00. In these cases, there will be an interest subsidy of 50% of the value that is above the three percentage points increase in the interest rate that was initially used.

The State will also grant a subsidy of up to a maximum of €200,00 per month to help pay the rents of families with an income of up to the 6th IRS bracket and a debt-to-income ratio of more than 35%, provided that the house rents fall within the limits set by the Housing and Urban Rehabilitation Institute (IHRU) for the respective municipality.

These measures will be put under public discussion for a period of one month and only then can they be definitively approved by the Government and through a law propose presented to Parliament on 16 March.