

Housing: the impact of the new Portuguese legislative package on the activity of Real Estate Developers

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Following what has been demanded in recent years regarding the real estate market, the Portuguese Government met in Council of Ministers on 16 February 2023 to approve a very significant package of measures with a high impact on the sector of promotion, construction and development of real estate projects, with special focus on real estate developers and licensing for the construction of real estate.

Following the various criticisms from real estate developers regarding the slowness and cost of licensing procedures with municipal public entities, the Portuguese Government has decided to take the following structural measures in the urban planning process:

1. The architectural and specialty projects will no longer be subject to approval by the competent municipal public entities, but will be accompanied by terms of responsibility of the technicians, the burden passing to them, who will then be subject to fines, the amounts of which are still to be determined. In order to reduce the burden placed on technicians, the Portuguese Government will also hold developers and builders jointly and severally liable for projects developed and supported by such terms of responsibility;
2. In order to ensure that public entities do not keep licensing processes in their possession for long periods of time, longer than those legally provided for, without consequences, the Portuguese Government will now apply late payment interest to public entities with decision-making powers or with competences for issuing opinions within the licensing process. This late payment interest will be deducted from the fees payable by the promoters (or if the interest is higher than the referred to fees, its amounts will be deducted from corporate income tax - IRC);
3. To further increase the supply of housing, the Portuguese Government will allow land currently classified for commercial and service uses to be used for housing without requiring a change of use;
4. In addition to the measure described above, the Portuguese Government will make available through public tenders land and/or public buildings for the construction of affordable housing, which may benefit both housing cooperatives and private developers and builders.

The measures announced yesterday may not be definitive, since they will be subject to public discussion until 16 March 2023, admitting that until then the various interested parties and stakeholders in the sector have the opportunity to give their opinion on their merit or demerit, and that they may be amended or even reversed.



Thinking about tomorrow? Let's talk today.

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