

Surely, a green house!

Currently the construction and real estate industry is undergoing a dichotomy, it is necessary to build greener and environment friendlier houses, but it is also necessary that the Portuguese can afford it. One must bring together both these needs so that the industry keeps up with the evolution of our society and with the demand.

Without more green projects tailored to the demand, we will not have more houses, the prices will continue to grow, and we shall not fight energy poverty of the existing buildings nor shall we have more green buildings.

It is important to ensure a lower environmental impact of the building stock by means of renovation of the existing buildings or construction of new, environmentally sustainable ones. Incentives must be created targeting the construction of these new buildings and also other urban refurbishment operations that will contribute to reduce the EU's global greenhouse gases emissions.

The EU and Portugal should reach for environmental ambitions by making the new houses more affordable, allowing the Portuguese citizens to access decent homes that also meet environmental metrics. Building new residential buildings, both for sale and rental, and, specially for the middle class, could ensure 1) less environmental impact, 2) an environment closer to the current needs of the citizens in terms of habitability, space and comfort, and 3) a better energy performance.

However, one must keep in mind that the European Green Deal naturally brought up new requirements in the construction and real estate areas, under the objective of carbon neutrality in Europe until 2050 and of the reduction of the greenhouse gases by 55% until 2030. It deserves special attention the "near zero" target for new buildings until 2030 or energy renovation upon a new leasing or a renovation.

It is required caution in a sense of keeping feasible goals and, above all, that will not undermine the Government's current efforts to create affordable housing and stimulate the existing rental market.

That is, this is not a problem for the high end residential real estate, as all the new or rehabilitated buildings have high energy performance, **this becomes an issue to enable residential projects for the middle class.** This is precisely the issue that requires creating aid, compensating, funding mechanisms and measures to enable

these new requirements, specially because we are talking about a sector already overburdened with rising costs of raw materials and construction.

The conditions must be created by fostering more green real estate projects. One good solution would be the creation of alternative, green, low-interest funding lines, so popular in Europe, both by private approaches and the capital market, and public approaches, channeling European Green Deal, RRP, ELPRE and Development Bank funds.

Currently, the sustainability challenge is even larger because of the escalation of the construction price, lack of labour, inflation, interest rates, and recession. If it was already an urgent matter to decrease production context costs, but now, with the new environmental goals in addition to soaring costs and uncertainties, it is more pressing to increase conditions that enable more green housing projects.

We may tackle a huge fraction of context costs, in order to balance the scales: Reduce licensing, thereby allowing new houses within a shorter period and with a better energy performance. The result? The resulting increase in supply, lower prices and increasing efficiency of the new buildings Reassess taxation of properties, it is urgent to eliminate AIMI or even IMT (complying with the OECD recommendation), that burden (heavily) housing construction and leasing, and, consequently affects residential mobility into greener houses. Our tax burden is absurd compared to our neighbour. It is increasingly striking the need for revision of the reduced VAT rate generalization or its deductibility for construction of green houses for the Portuguese. Encourage manpower, it is critical to draw the 80 thousand workers lacking in construction, otherwise there will be no construction, nor green buildings. There is a lack of workers in every rank and the installed capacity in our country is insufficient. The industry loses workers and those that migrated (since the 2008 financial crisis) do not find in this country an incentive to return, even if that means to go back to the home country or to the family.

It is critical to swiftly facilitate an increase of the "green" supply regarding sales and rental, by reducing costs, and simultaneously in solidarity with the fight against climate changes.