

Package "Mais Habitação" = Fewer rentals

Housing problem in Portugal must be dealt seriously to allow for implementation of solid measures built on figures and current international examples. There is no point in disclosing a set of steps to "fully face the housing problem" when the real impact of the "Mais Habitação" programme will be the mortgage of the real estate market's future and warding off foreign investment in our country.

It is important to note that the most relevant ingredient in the economy should be trust and, currently, almost everything the programme advocates completely smashes the market investment mindset and applies the usual inefficiency of the State in almost every procedures of the real estate cycle, thereby spreading the idea that private entities must provide for the State's Social Role in rental industry.

The stamp of disapproval from all players in the industry, including several municipalities, towards the programme should be a warning that this package falls short of what is needed to effectively and sustainably increase rental supply and support construction of more houses for the Portuguese citizens. Unfortunately, it appears that these suggestions and opinions shared in the past days will be ignored, as a two days time period was set for the Government to review the opinions supporting the populist programme.

The legal and fiscal instability together with the lack of regulatory coherence impact adversely the effort to draw investors, thereby harming the country's credibility and the direct effect of the measures disclosed by the Government was an immediate delay in several investments expected for 2023 and 2024.

Major real estate developers, both national and foreign, still don't see any benefit in banking on rental, and therefore one must ensure the creation of a stable incentives programme targeting new supply so that this investment becomes financially sound and appealing on a large scale.

Supply reinforcement must basically originate from private initiative, and public policies must be designed to lift obstacles that hinder a supply increase and improvement, rather than fostering a perspective of excessive defense of the tenants.

It is important to stress that measures such as freezing rents completely decimated the Portuguese rental market during the 80's of the 20th century, just as other European markets where similar measures were implemented without success (Berlin and Barcelona are some of the known instances where freezing reduced the market supply and raised the prices).

Although we welcome the State transfer of land for housing and the intention to streamline licensing procedures, the State administrative inefficiency are internationally recognized, which leads to the idea that the public entities will not be able to respond and the measures package will be unachievable.

One must remember that previous public programmes announced by the Government failed, among which the Programa de Arrendamento Acessível (afterwards renamed Programa de Apoio à Renda), Chave Na Mão and Habitação Vitalícia.

The Government's support serves basically to draw investment and, largely, requires the transfer of the Social Role from the landlords to the State. The State should lift the ban on old agreements termination and any limits to rents, and should fairly promote allowances for tenants with an effort rate equal to or greater than 35%, in line with the Programme's eligibility threshold.

However, in fact the past experience and the current programme bring about a sense of expropriation regarding the rightfully expected income, together with lack of freedom to avail of one's assets. Lease agreements, known in the industry jargon as "vinculístico" or binding, generated a strong depreciation of the Portuguese housing stock, and the investors will not invest back as long as they do not feel safe.

This accreditation and the support of rental shall be possible only with a real display of willingness by the Government to settle a national structural subject through an increase in public offer of vacant assets held by public entities, a review of counter-reforms implemented in the past years and the stabilization of the industry's legal and tax regimes. It should be stressed that boosting this industry requires a tight partnership with the major stakeholders rather than the party's.