

Housing in Portugal, we want to rewrite this history!

For several years now, Portugal has been living with an increasingly aggravated odd crisis. Although the rising prices have slowed down due to the rising interest rates, the properties' end prices in the Portuguese market did not drop. On the contrary, a shy acceleration is noticeable, **but this is not enough and will not produce affordable properties**. What we need, as we insist for quite some time, is more new houses for the Portuguese citizens. This is the solution to the problem.

As I have been saying, we cannot afford to wait longer... The trend will not change by itself, we must do something. With parliamentary elections just around the corner, as we wait for a new Cabinet, we cannot sit on our hands, it is urgent to take action!

So, the APPII, making use of its huge experience and in-depth knowledge of the industry, has recently disclosed seven measures to mitigate this crisis. Considering the relevance, I list the measures. Firstly I highlight **trust and legislative stability**. Just looking at our past history, we know that our country tends to instability and we understand that whenever a State budget is announced, investors hesitate. Such a decrease in trust is only avoided if we focus on a regime's pact with incentives for those committed to build new houses, guaranteed to be carried out for at least 10 years. This also applies to rental market, in which the owner must be protected in order to build confidence to rent out their properties.

Another measure is connected to the **tax burden**, which is excessive in the housing industry and may reach 40-50% together with the huge fees. This measure puts forward the urgency of a tax reform that enables the construction of more houses for the Portuguese citizens. Specifically: Stop application of 23% maximum VAT rate to construction and additional annual property tax (AIMI).

The third measure concerns the improvement of the **urban licensing** procedure. We suggest the creation of a nationwide strategy, aimed at implementing in the municipalities a unified proceedings culture for more houses. There is no doubt that we will only accelerate construction if also the projects approval procedures become swifter, for the longer the approval period, the more costly is the construction. Of course, the SIMPLEX was a nice first step, even if its implementation raises some doubts as to the effective acceleration it will (eventually) bring. But it is not enough. Other relevant issue concerns the swift approval of the Construction Code, that will bring the urban planning procedures into the 21st century.

Fourth measure: **more affordable houses for the Portuguese citizens**. It aims at creating incentives for investors that opt to construct by providing public land for affordable housing construction and sale of the State's vacant assets for construction of affordable houses.

The fifth measure focus on **sustainable construction**. Through creation of subsidised funding for affordable construction and to fight climate changes; implementation of reduced rate VAT to all materials that enable green construction.

Next: measure for **affordable renting**, stressing the reduced rate VAT and exemption of taxes and land purchase fees for such projects.

Last but not least, **youth incentives**. Through creation of subsidised funding for individuals up to 30 years who want to buy a house; IMT and stamp tax exemption for young people to help housing mobility as pointed out by the OECD.

And we mustn't forget that housing is a basic commodity and a right for every Portuguese citizen. Question: Are we going to keep looking at appalling numbers of people living in degrading conditions and do nothing, or are we going to be part of the solution and start rewriting our history?