

No need for vitamin in the private sector?

Public investment should induce private investment and not the opposite. Well, it seems that the Housing Public Strategies of the Recovery and Resilience Plan (Plano de Recuperação e Resiliência - PRR) are proposing to do exactly that. Strangely enough they aim at substituting the public investment to all private investment, thereby limiting it and failing to boost it, giving the impression that it intends to move away private investors from the housing supply. This is apparently an ideological vitamin, considering that this stimulus does not catalyze directly private companies, which need to reinvent themselves to become more competitive and resilient in the post-pandemic scenario.

And the worst part is that this replacement of the companies by the State is not limited to real estate, but affects the PRR globally. The economy is in the companies, because it is here that the competitiveness and resilience of a country lies. If we aim at a sustainable economic recovery, grounded in economic growth, then the PRR would anticipate exactly the opposite.

Specifically to boost housing, we notice the lack of long-term strategic investment. PRR is just a set of very short-term measures, with the sole purpose of addressing the immediate needs of a post-pandemic scenario and survival of a State in need. We welcome the public supply of housing, but this is not enough to remedy housing deficiency in Portugal. It is urgent to boost also the private sector ability to make available more accessible housing. For instance, in the case of support to Affordable Tenancy, it should be noted that the PRR only anticipates rehabilitation of public buildings, and only through public investment. No support for private promotion of Affordable Tenancy is anticipated?

And, therefore, the question remains: all this money will go to the public sector? But why?

It should be the PRR obligation to establish all the conditions to attract and encourage private initiative, namely placing more affordable housing through either purchase or rental, in order to achieve a larger investment and thus expand the housing supply. It would be expected to find green financing forms for housing construction fully consistent with the European Green Deal, Horizon Europe, Next Generation, but strangely there isn't a single word about it.

The situation is worse if we consider that the private investors are excluded from the Buildings Rehabilitation support programs (namely ELPRE - Estratégia de Longo Prazo para a Reabilitação do Edificado [Long-Term Strategy for Buildings Rehabilitation],

included in the PRR): this is a mistake, in our opinion of dubious legality and constitutionality, because it is difficult to uphold this support discrimination in terms of the owner's nature. If it is public investment, it may access community funds, including non-repayable grants, but this access is barred for private investment. One might think about the type of State one is creating, a State that replaces companies, the market and depletes the economy.

Lastly, we find it disturbing that we are talking about a large investment amount - EUR750 million - with public money and, therefore, from all of us, and for which no metrics, measuring plans, of success were presented, let alone business plans for construction, managing and maintenance. We have seen it all in the past and it did not go well. The State can not make the same mistake and try to substitute private entities in housing construction, history has already given several examples of huge failures in that strategy.