

## **A huge step for housing**

**APPII and the Secretary of State for Housing have been actively cooperating in the scope of a regular, assiduous, frank, and open cooperation**, that resulted now, amongst other results that we hope that might be created in the near future, in decreeing a new regime for **Controlled Costs Housing (in Portuguese, Habitação de Custos Controlados - HCC)**, more updated, flexible, suitable for new realities and that will intensify access of private real estate promoters to the 6% VAT regime.

The HCC was **bilaterally reviewed by those entities to reach a consensus** of visions, which, although these may differ from the visions in the real estate market and from its dynamics, together and ultimately they intend to **boost an affordable housing market to the Portuguese**. That was our intention and the Secretary of State's, it must be said, guiding our monthly, and sometimes weekly, meetings from the beginning, with lots of intense work and dedication, aiming at, case by case and in a specific and objective way, resolve the problems that keep the private real estate promoters away from the Affordable Renting programs. There is still much to be done and this is a small "drop in a vast ocean", but one must start somewhere... We are still fully available to keep on working not only the industry we defend and represent, but also for the creation of more houses in Portugal.

Briefly, the HCC was changed in order to **fit the new requirements**, specially European requirements, regarding buildings' energy performance, as well as the negative consequences of the pandemic, including the construction costs and the rising prices for raw materials that so deeply affects both the private and public sectors. Concerning this item, one actually intended to make more flexible the calculation of the promotion costs to absorb the quick and evident variations of material prices and, consequently, the end values of real estate promotion.

Another very important item was the substitution of the previous, old and outdated Social Housing Technical Recommendations by Technical Affordable Housing Rules, more simple and up-to-date. That regulation was designed for social housing, whereas we are now studying middle class housing (totally different segments). It was also turned to the promotion executed, exclusively or fully with public funding, whereas in the companies represented by APPII - real estate promoters and investors - the funding is fully private, either through equity; bank funding, debt, where naturally the safeguards the State should take when in the presence of public money make no sense. Because of that, there was the need to revise this regulation to accommodate the right, fair and sufficient requirements for private projects, with private funding, which were not effectively mirrored.

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**Hugo Santos Ferreira, President of APPII**

To finish I have the "cherry on the top of the cake", which was de definition and clarification of the requirements for housing built for affordable renting, so that also the real estate promoters might easily benefit from the 6% reduced rate VAT in affordable housing projects. Regarding this item, it was the Government's intention, with whom the APPII was able to work together and provide its humble contribution, to enable mote affordable renting projects, joining private initiative and investment and public initiative.

We can only congratulate ourselves for the dedicated effort and success, and wait for the initiative to open the door to more projects, fully aware that in the end there is much more to be done. We will be around.