

## PROGRAMME REHABILITATE TO LEASE – AFFORDABLE HOUSING

The programme “Rehabilitate to Lease – Affordable Housing” (the “Programme”) is aimed to allocate low cost funding to rehabilitation projects on buildings 30 years or older. The Programme, due to the provision of funding that can reach €50,000,000.00, intends, mainly, to refurbish existing buildings, create low rental housing and, at the same time, recover and develop the Portuguese rental market.

### FUNDING ACCESS REQUIREMENTS

The credit line provided by the Programme consists of a long term loan to rehabilitate buildings that are: (i) 30 years or older, (ii) predominantly residences, with commercial offices on the ground floor, (iii) located, preferably, in an Urban Rehabilitation Area (*Área de Reabilitação Urbana*) and (iv) units designated for leasing.

Regardless of the fulfillment of such conditions, an application will be dismissed if the building (i) is not free of liens or expenses, (ii) was rehabilitated with public funds 10 years prior to the application, or (iii) if the rehabilitation is expected to be concluded in a period longer than 12 months and does not affect all main components.

Leasing shall be subject to a conditional rental regime or any other leasing regime as long as the rental value does not exceed the conditional rental value of the lease. The primary conditional rental value of the first contract results from the negotiation between the parties. However, the first conditional rental value shall not exceed a twelfth of the result of the application of the conditional rent rate to the property tax value in the year the contract was signed. The per square meter value of the construction price to be used for the conditional rental calculation<sup>1</sup> is published annually by government order. The price per square meter for a residence in 2014 (which remains the same in 2015) is € 801,06 for zone I, € 700,24 for zone II and € 634,34 for zone III<sup>2</sup>.

<sup>1</sup> Decree-Law n°13/86, 23th of January (changed by the DL.n°329-A, 22 of December)

<sup>2</sup> Ministerial order n°353/2013, 4th of December



REAL ESTATE

---

*Low cost funding  
to rehabilitation  
projects on buildings  
30 years or older*

---

The intent, following the 2012 lease reform, is to stimulate the leasing market by offering more affordable rents. However, this mandatory regime needs only to be applied during the term of funding, i.e., until full capital amortization.

### **BENEFICIARIES**

Any individual or corporate body, either of a public or private nature, may be a beneficiary as long as it owns a building or part of a building to be rehabilitated or holds rights on that building that enables it to encumber it and act as the construction owner within the scope of a public works contract and to promote the operation of the rehabilitation by itself or jointly with other co-holders.

However, to access the Programme, payment of taxes and social security payments must be updated (or an agreement in place). Furthermore, the candidate must not be in breach of the Institute of Housing and Urban Renewal (the 'IHUR') (*Instituto da Habitação e da Reabilitação Urbana*).

### **APPLICATION**

The IHUR opens a tender for applications for 60 days, properly advertised on its website – [www.portaldahabitacao.pt](http://www.portaldahabitacao.pt).

The application must be done using the electronic form available on the above referred website and includes compilation of documents, such as, a simplified copy of the land registry, tax certificate, and photos of the building to be put into rehabilitation.

### **FUNDING**

The loan may amount to 90% of the cost of the rehabilitation operation, with a maturity up to 15 years, corresponding to 180 equal monthly installments, with a fixed interest rate (currently 2,9%) at the time of the approval of the project. The loan capital may be repaid early, but it will be subject to a penalty of 0,5% on the capital repaid.

---

*Any individual or corporate  
body, either of a public  
or private nature, may be  
a beneficiary as long as it  
owns a building or part of  
a building to be rehabilitated*

---

*The loan may amount to 90% of the cost of the rehabilitation operation, with a maturity up to 15 years, corresponding to 180 equal monthly installments, with a fixed interest rate*

## GUARANTEES

The loan is preferably guaranteed by a mortgage on the building; to be funded, however, IHUR may request for a guarantee of a different nature.

The beneficiary of the loan should also obtain a multi-risk insurance policy for the buildings and units on which the loan has been taken out and which should remain effective during the loan agreement term.

Contact  
Filipa Arantes Pedroso | [fapedroso@mlgts.pt](mailto:fapedroso@mlgts.pt)



MLGTS LEGAL CIRCLE  
INTERNATIONAL FIRM WITH THE PORTUGUESE-SPEAKING WORLD

*To address the needs of our Clients throughout the world, particularly in Portuguese-speaking countries, MORAIS LEITÃO, GALVÃO TELES, SOARES DA SILVA has established solid associations with leading law firms in Angola, Macau (China) and Mozambique.*

MORAIS LEITÃO, GALVÃO TELES, SOARES DA SILVA

ASSOCIADOS  
SOCIEDADE DE  
ADVOGADOS

www.mlgts.pt

### LISBON

Rua Castilho, 165  
1070-050 Lisbon  
Telephone: (+351) 213 817 400  
Fax: (+351) 213 817 499  
[mlgtslisboa@mlgts.pt](mailto:mlgtslisboa@mlgts.pt)

Luanda, Angola (in association)  
Angola Legal Circle Advogados

### PORTO

Av. da Boavista, 3265 - 5.2  
Edifício Oceanvs – 4100-137 Porto  
Telephone: (+351) 226 166 950  
Fax: (+351) 226 163 810  
[mlgtsporto@mlgts.pt](mailto:mlgtsporto@mlgts.pt)

Maputo, Mozambique (in association)  
Mozambique Legal Circle Advogados

### MADEIRA

Avenida Arriaga, 73, 1.º, Sala 113  
Edifício Marina Club – 9000-060 Funchal  
Telephone: (+351) 291 200 040  
Fax: (+351) 291 200 049  
[mlgtsmadeira@mlgts.pt](mailto:mlgtsmadeira@mlgts.pt)

Macau, Macau (in association)  
MdME | Lawyers | Private Notary

Member

**LexMundi**  
World Ready