

## D 4.2: Cross-evaluation in Lisbon

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### Introduction

This report is one of the several deliverables in Work Package 4. It is the result of activities carried out in Portugal, including seminars, site visits and the cross-evaluation workshop held at ICS, aimed at prompting reflection and debate about housing markets.

It is worth mentioning that the fundamental idea of cross-evaluation in the DASH project is to foster interaction among staff from different sectors, countries, and cities, promoting the exchange of ways of thinking and doing in the field of housing. Furthermore, it aims to raise questions about the meanings of concepts and the rationale behind policies, including their objectives, working methods, and impacts on the trajectories of national and local housing systems. Cross-evaluation, therefore, refers to the process of exchanging and discussing assessments across areas of expertise, disciplines, and geographies to foster mutual understanding,

while considering the unique historical, political, social, and economic circumstances of each society.

A key prerequisite for a successful cross-evaluation with external professionals is access to relevant and detailed information, alongside the critical and impartial reflections of external observers -who tend to be less influenced by local biases compared to local participants-, informed by their own experiences, professional backgrounds, and perspectives. The DASH project began in January 2023, and a thematic seminar and cross-evaluation workshop were held in Lisbon in April 2024. By this time, participants—due to prior secondments and meetings—were already well-acquainted with a substantial amount of information about how government decisions at various levels (e.g., national and local policies, programs, and projects) have influenced housing dynamics. This includes the interaction between housing demand and supply, the quality and affordability of both existing and new homes, and the conversion of housing into assets, hotels, or Airbnb and similar uses.

The content and goals for cross-evaluation in Lisbon were collaboratively determined by the DASH teams. The focus was on core aspects of the housing delivery process, namely: a) legal framework models and innovative housing policies; b) approaches to upgrading existing housing stock and rehousing operations; c) the role of private-sector housing associations in delivering below-market rent options; d) models of co-producing social housing; and their criticalities.

Below, we present the set of activities organized by the DASH team, designed to facilitate an insightful and effective cross-evaluation workshop. The description outlines the main events, which were organized and conducted by researchers, with the support of representatives from the municipality, public officials at different levels of governance, and housing associations.

## Preparation of external cross-evaluation: Activities

The core purpose of the DASH project is to foster exchange and learning among participants. To stimulate discussion and raise awareness about the Portuguese social housing system – specifically on how housing policies have evolved over time in terms of institutions, goals, regulations, funding, and targets - several members of the ICS's DASH team delivered talks during secondments and international seminars/workshops. This preliminary work, played a pivotal role in enhancing the international teams' understanding of the Portuguese case and facilitated the cross-evaluation workshop held in Portugal in April.

The various talks / discussions converged in highlighting the set of key features and trends:

Public policies in Portugal have historically treated housing as an economic asset and a macroeconomic growth strategy rather than as a social right, thereby limiting access to affordable and quality rental housing for middle - and low-income groups.

The persistent lack of affordable housing options has driven cycles of informal housing construction, leading to the expansion of informal settlements.

Specific moments in time can be identified when political decisions – such as related to tenure legislation and organisational reforms-became significant, establishing new principles and priorities for the implementation of public housing policies. For example, Law No. 83/2019 of September 3 (the Basic Housing Law) and the strategy *"For a New Generation of Housing Policies"* (2017) were launched by the national government to reformulate the country's housing policies in response to a crisis in access to adequate housing, particularly for low- and middle-income populations.

While the legislation, enacted since 2017 by the national government, acknowledges the urgency of addressing issues related to the provision of affordable rental solutions and improving housing affordability, accessibility, quality, and associated rights (e.g., public-supported housing for vulnerable populations, equal access to housing, and prohibiting discrimination based on race or other factors), in practice implementation has been slow. Additionally, formal monitoring and

evaluation mechanisms have been insufficient, hindering progress in achieving these goals.

For more details see: [Allegra, M. \(2023\). From the PER to the NGPH. 30 years of housing policy in Portugal \[PowerPoint slides\].](#)

Portugal's housing history over nearly a century reveals several critical junctures – key moments of policy change- driven by both internal and external events. Notable examples include: i) the fall of the dictatorship (1974), associated with the revolution and democratization; ii) Portugal's entry into the European community (1986), which facilitated the financialization of housing markets until the financial crises of 2008; and iii) the subsequent recession and austerity measures following the crisis, which further justified attempts to liberalize the private rental sector.

For more details see: [Alves, S., Guimarães, P. \(2024\) - Housing and Inequality: The Case of Portugal, in Inequality: Economic and Social Issues.](#)

In Portugal, the private rental market is characterized by the coexistence of older open-ended contracts and newer fixed-term contracts. The rent regulation regime introduced in 2012 aimed to significantly reshape tenant-landlord relations. This new regime was specifically designed to facilitate the termination of contracts established before 1990, leading to a notable impact on the demographic composition of neighbourhoods in historic areas.

For more details see: [Alves, S., Azevedo, A.B., Mendes, L. and Silva, K. \(2023\). "Urban Regeneration, Rent Regulation and the Private Rental Sector in Portugal".](#)

After the 2008/9 financial crisis, significant changes reshaped the Portuguese housing sector. During a period marked by economic recession and austerity policies, the dynamism of the construction sector declined, and access to mortgages became more difficult. On the other hand, rehabilitation, which had been occasional until then, increased, but was highly driven by the tourism industry, targeting international demand from investors and consumers. In a context of high global housing demand by foreign investors, the Portuguese government triggered the rapid internationalization of the country's real estate market by launching tax incentives for non-habitual residents and Golden Visas. The growing demand for housing for secondary and seasonal use became particularly visible in the

Portuguese market –a trend linked to the country’s attractiveness to tourists. The proportion of dwellings for seasonal use increased from 3% in 1970 to 19% in 2021.

For more details see: Canelas, P., Alves, S., Azevedo, A. B. (2023). “Lisbon”. In Whitehead et al. (eds.), *Financialization in 13 cities - an international comparative report*; and Alves, S. (2023). *Social Housing System in Portugal* [PowerPoint slides].

Portugal is one of the Western European countries with the lowest Purchasing Power Standard per capita and has created numerous incentives for tourism, coupled with minimal regulation of short-term rental markets. This has led to rising property prices, displacement of long-term residents, and the loss of community identity in several areas.

Housing policy in Portugal is failing to adequately address the diminishing housing opportunities for younger generations, who are increasingly burdened by rising rents and house prices. As a result, while many European countries saw a decline in number of young people living with their parents between 2013 and 2022, Portugal experienced a 16.7% increase. In 2022, 70.7% of young people aged between 18 and 34 still lived with their parents (EU-SILC). In 2021, the average age at which individuals left the parental home was 33.6 years. This downward trend of delayed independence and postponed family formation has significant demographic consequences. It is likely a contributing factor to Portugal’s position as one of the European countries with the lowest fertility rates today.

The residualization of the social housing sector, linked to the privatization of housing originally built with controlled costs and public subsidies (such as housing cooperatives), along with the spatial concentration of poverty in social housing estates, has heightened the risks of socio-economic segregation across cities. Despite the introduction of the Municipal Housing Charter (Carta Municipal de Habitação)—defined in the Housing Framework Law as a planning instrument to address housing needs—the debate around social mixing policies, which prescribe a minimum amount of social housing in each municipality, has yet to yield meaningful results.

For more details see: Alves, S. (2022). [Divergence in planning for affordable housing: A comparative analysis of England and Portugal.](#)

## Field Trip to Évora and Montemor



As part of the DASH project activities leading up to the cross-evaluation workshop, the hosts organized a field trip to Évora and Montemor.

On 3 April, the DASH team visited Évora to explore its urban history and housing strategies. During the morning, Eduardo Miranda from the municipality of Évora provided an overview of the city's 20th-century urban development, highlighting how institutional and political conditions shaped urban morphology and housing policies.

Please find the PPT [here](#).

During the afternoon, the DASH team visited the *Bairro do Legado do Operário*, an affordable housing project built between the 1930s and 1940s, which marked the first eastward expansion of the city core. The tour, led by Sónia Alves, examined the funding and planning of the neighbourhood, shaped by Salazar's regime's preference for homeownership, yet ultimately preserved under collective ownership by a local association. Today, the 86 homes remain affordable and protected from speculative pressures. This visit provided valuable insights into the interplay of historical ideologies, local agency, and innovative housing solutions.

For more information see: [Alves, S. \(2024\). Repensar as políticas de habitação e de planeamento a partir do Bairro Novo de Évora.](#)

In Évora, The DASH members also visited the Malagueira neighbourhood designed by Álvaro Siza, on a tour organized by the Municipality of Évora in collaboration with a local housing cooperative. The day's programme included a discussion with the President of Évora City Council; information about Évora's successful bid to become the European Capital of Culture in 2027, and an overview of its activities related to the "1st Right" national housing programme.

For more details about the visit see this [post](#).

To know more about the active land management strategy and involvement of resident cooperatives in the construction of Malagueira find the PPT [here](#).

Another key activity preceding the mid-term meeting and thematic workshop was the working visit to Montemor on April 5. The visit aimed to familiarize participants with the functioning of the Minga Cooperative, featuring presentations on its individual components, and an exchange of knowledge about mechanisms for affordable housing.

The session addressed challenges related to funding, governance, and group dynamics, drawing parallels with co-housing projects worldwide. Participants noted that shared struggles foster a strong sense of community, providing motivation and solidarity in tackling common challenges.

## The thematic seminar held at ICS, Lisbon



The DASH Thematic Workshop took place on 9 April 2024 at ICS-ULisboa, focusing on *"The role of the private sector in delivering below-market rent options."* The event featured keynote speakers Nuno Travasso (DARQ, Coimbra University) and Patrícia Canelas (Oxford University), as well as contributions from ICS-ULisboa researchers.

Nuno Travasso presented on Portugal's Affordable Rent Programme, highlighting its focus on middle-class households rather than the most socially vulnerable populations. He noted the program's challenges in tackling housing affordability in Lisbon and Porto, where property prices are exceptionally high. The program offers incentives for landlords, such as a 20% property tax reduction, aiming to provide below-market rents with a rent burden cap of 35% of tenants' income.

For more details see: Travasso, Varea Oro, Almeida, Ribeiro (2020). "Acesso ao mercado de arrendamento em Portugal: Um retrato a partir do programa de arrendamento acessível"

Patrícia Canelas discussed the governance of affordable housing through Public-Private Partnerships (PPPs), emphasizing the importance of collaboration between the public and private sectors to expand affordability. She challenged the rigid



division between public and private roles, advocating for more integrated and cooperative approaches.

For more information, watch the video of the workshop [here](#).

Simone Tulumello (Institute of Social Sciences, ICS) offered a critical perspective, questioning the emphasis on affordable housing over social housing and highlighting how EU policies have contributed to deepening poverty in Portugal (e.g., uneven development during EU integration).

The workshop provided rich insights into the challenges and opportunities of private sector involvement in affordable housing.

### **Resume of the Q&A session after the Workshop's presentations**

Following the presentation delivered during the seminar, the audience engaged in an interactive question-and-answer session, demonstrating their interest and seeking further clarification on various topics discussed.

### **How does the PPP (Public-Private Partnership) in housing work in Portugal?**

- Different models can be defined at the local level. The Affordable Rent Programme – **Programa Renda Acessível** (PRA Lisboa) – approved by the Lisbon Municipality in 2017, is a program designed to deliver affordable, rent-controlled multifamily housing units to middle-income households on municipal land. It relies on a cross-subsidy model in which the public partner provides a subsidy in the form of municipal property, land, and/or buildings, while the private partners contribute finance and expertise.
- The private sector is tasked with building a specified number of housing units. The percentage of what is designated as “affordable housing units” (rent-capped units) and “free market” units, which are meant to be transferred to the private sector, is intended to ensure financial viability.
- This model was adjusted: in 2017, nine sites were designated for the creation of around 5,000 homes. By 2021, none of these planned homes had been

delivered, only two contracts had been signed, and no work had started on the ground.

- However, a left-wing government coalition partner opposed the transfer of public land to the private sector. This ideological red line resulted in a shift in the model:
  - Instead of a 30-year concession (after which the land and units would return to public ownership), the contracts were extended to 99 years.
  - For private investors, the 99-year period turned the land into an asset on their balance sheets, significantly increasing its financial value.
  - The concern now is whether, after 99 years, the public sector will have the capacity to reclaim the land.

### Why didn't the "PRA Lisboa" work?

- **Fear of inflexibility:** developers were hesitant to enter a rental system where property values (in particular of rents) might be frozen for long periods.
- **Concerns over fixed-price contracts:** The 5-year contract with a 20% rent reduction, combined with laws capping rent increases at 2% (not accounting for inflation), deterred participation.
- **Mistrust in the public sector:** Landlords doubted the reliability and efficiency of government programs.
- **Tax benefits limitations:** Tax exemptions were only applicable to individual landlords, excluding corporate entities, which own a significant portion of properties.
- **Black market prevalence:** A significant informal rental market undermined the impact of tax exemptions and affordable rental incentives.
- **Small developers struggled to access to debt finance.** Developers encountered challenges in establishing partnerships with institutional investors, they had to depend on debt finance. This was in part to do with lending institutions' unfamiliarity with the programme.

## Key Comments and Discussions

Julia Hartmann (Commissioner for Housing and Accessibility in Tübingen, Germany):

### Affordability and Policy Challenges

The speaker warns against dismissing affordability as irrelevant, stressing that in Portugal, affordability data has been key in highlighting the inefficiencies of current housing policies. While affordability reveals systemic issues, the speaker notes that housing does not function like a typical supply-and-demand market. For example, despite strong tenant rights and social housing, Germany still faces affordability challenges. In some regions, the lack of data hinders efforts to demonstrate policy failures, making Portugal's data-driven approach relatively advanced.

The speaker suggests moving beyond simplistic narratives, like “EU central vs. peripheral countries,” to broader questions, such as how to remove housing from the speculative market. Public-Private Partnerships (PPPs) are necessary but should be carefully scrutinized to ensure the public interest is protected. Alternatives like expropriation remain politically and economically difficult.

Key issues include strengthening tenants' rights, understanding the motivations of private actors, and ensuring that housing investments—whether new units or refurbishments—meet tenants' needs. Transparency in public land deals, with clear criteria for allocation and accountability, is also emphasized. The speaker concludes by questioning: which policies should be prioritized after diagnosing the problems, to address the need for a clear advocacy agenda?

Key concepts:

- **Affordability remains a key concept:** While affordability as a metric has its flaws, it provides essential data to highlight the inefficiencies in current policies. For example, in Portugal, it helped prove the need for alternative housing approaches.

- **Structural issues beyond market logic:** Housing doesn't function like traditional markets due to entrenched inequalities and speculative dynamics.
- **Stronger tenant protections and decommodification:** Julia emphasized the need to decouple housing from market-driven pricing. Policies should support tenants' rights and promote models like public housing, cooperatives, and community land trusts.
- **Continuity and alignment in policies:** Constant rule changes undermine trust and participation from stakeholders, including landlords and investors. Policymakers must align incentives and ensure consistent application over time.
- **Engaging stakeholders:** Julia raised concerns about the lack of accountability in public land deals. Key questions include: Who benefits from these arrangements? How can tenants and other stakeholders have a voice in decision-making?

Filipa Cabrita (Architect and member of Cooperativa Integral Minga in Montemor-o-Novo, Portugal):

### **Cooperative Housing Challenges**

The Affordable Rental Programme in Portugal faces structural challenges, notably that tax benefits only apply to individual landlords, excluding companies that make up a large portion of landlords. This limits participation, particularly for businesses, as they already enjoy significant tax advantages.

From a cooperative perspective, there are additional barriers. Cooperatives aim to access municipal land for affordable rental or controlled-cost construction, a model successful in places like Tübingen, Germany. However, in Portugal, the main obstacle is accessing credit. Unlike countries like Germany, which use normal banks, or Catalonia, which has regional public banks, Portugal's Caixa do Fomento operates indirectly through commercial banks. These banks fail to adapt subsidized EU credit products for affordable housing and instead require traditional market guarantees, undermining the subsidies' purpose. These systemic issues delay credit access and hinder the implementation of cooperative-led affordable housing projects.

Key concepts:

- **Tax benefits as a barrier:** Corporate landlords and companies are excluded from affordable rental tax benefits, as they already enjoy significant tax advantages compared to individual owners, who pay a 28% tax on properties. This exclusion limits the effectiveness of the program, which is intended solely for individual owners.
- **Access to municipal land and credit:** Filipa highlighted the cooperative sector's struggle to secure land and financing for affordable housing projects, despite viable examples in Germany and Catalonia.
- **EU-subsidized credits underutilized:** Portugal's banks often fail to adapt EU housing credit products for real-world implementation. Bureaucratic hurdles and a lack of engagement from public entities, such as the Banca do Fomento, exacerbate these issues, making it very complex for cooperatives to access this system.

Joana Trindade (Architect and member of Cooperativa Integral Minga in Montemor-o-Novo, Portugal):

### **Black Market Challenges**

- **Undermining formal systems:** The black market for rentals remains a significant barrier to affordable housing policies. While its size is uncertain, it weakens the impact of formal tax and incentive systems.

Patrícia Canelas (Architect and urban planner, currently serving as Course Director and Lecturer for the Master's in Sustainable Urban Development at the University of Oxford):

### **Policy Continuity and Stakeholder Dynamics**

The speaker emphasized the diversity of stakeholders in the housing system and likened it to a value chain, where unclear or constantly changing rules lead to systemic collapse, as illustrated by Filipa's example of banks. This is not unique to Portugal but a global issue tied to financialization and the broader challenges of housing policies. A key solution is policy continuity, as frequent changes

undermine trust and effectiveness. Stability can offer hope, particularly as stakeholders like insurance companies adapt to established processes. Addressing these challenges requires mobilizing various stakeholders, not by vilifying private actors but by strengthening the public sector's role to effectively navigate the complexity of housing systems.

Key concepts:

- **Continuity is key:** Frequent changes in regulations lead to instability and discourage participation from both private and public stakeholders. Policies need longevity to be effective.
- **Public-private collaboration:** Stronger public-sector involvement is essential for navigating the complexities of housing systems. However, collaboration with private actors should be transparent and aligned with public interest.
- **Global challenges:** Patricia emphasized that these issues are not unique to Portugal but reflect broader global trends in housing financialization and market instability.

Simone Tulumello (Assistant Research Professor in Human Geography at the Institute of Social Sciences (ICS):

### **Affordability as a Concept and the Role of EU Policy**

The speaker emphasizes that affordability is an ideological construct, often used to prioritize affordability over the recognition of housing as a universal right and the broader goal of housing welfare. This framing diverts attention from the state's failure to guarantee housing as a basic social right.

The concept of affordability remains unclear, both analytically and normatively. As an analytical measure, it is inadequate, addressing only middle-income groups while neglecting those at the extremes of the income distribution. Despite evidence that housing programs are ineffective, little action is taken. Normatively, affordability masks the absence of strong housing welfare systems.

The speaker argues that solving housing issues requires a shift in fiscal and financial frameworks to direct investments away from speculative assets toward non-

speculative, decommodified solutions. Examples include to analyse the cases of Germany's Bausparkasse or the former Italy's GESCAL fund, and the redirecting of investments towards non-speculative community land trusts, cooperatives, and public housing systems.

The affordability issue lies not at the project level but at the systemic or political level. Therefore, state-level policies should focus on decommodified housing, rent controls, and removing housing from market-driven pricing. However, effective solutions require coordinated action at the European level, as individual countries will struggle to make meaningful progress without a broader, political approach.

Key concepts:

- **Conceptual ambiguity:** Affordability remains problematic both as an analytical measure and as a normative framework. Classical metrics often overlook the most vulnerable populations.
- **Focus on decommodification:** Housing policies should prioritize creating non-speculative housing, such as public housing, cooperatives, and community land trusts. Rent control and fiscal reforms are critical to achieving this goal.
- **EU-level intervention needed:** National policies are insufficient to address systemic issues in housing. Coordinated EU-level rent control and housing investment are necessary for meaningful change.

Nuno Travasso (Architect and Assistant Professor at the Department of Architecture of the University of Coimbra):

### **Complexity of Rental Market Policies in Portugal and Portugal's Housing Policy Mindset**

Nuno highlighted that housing policies in Portugal have historically been shaped by economic and political traditions, rather than addressing direct housing needs. Since the 1980s, less than 1% of GDP has been allocated to housing, with a focus on boosting the private market rather than social housing. Policies have prioritized homeownership, driven by the belief that it would support the economy, but this

has led to an oversupply of homes and a resistance to policies that could lower housing prices.

Regarding rental markets, Nuno pointed out systemic inefficiencies, with resistance from landlords due to fears of land value loss and unstable regulations. Tax incentives favouring short-term rentals over long-term rentals have worsened the housing affordability crisis. Nuno argued that regulating housing requires recognizing the different land use dynamics and tailoring policies to them. He called for a stable regulatory framework that ensures long-term, low-risk rental markets. Ultimately, Nuno emphasized that addressing the housing crisis in Portugal requires a holistic approach that considers the economic, social, and political dimensions of housing systems while regulating diverse land uses.

Key concepts:

- **Historical focus on ownership:** Since Portugal joined the EU in 1986, housing policies have prioritized homeownership over rental solutions. These policies were designed to stimulate economic growth rather than address housing needs, with only 1% of GDP spent on housing-related initiatives.
- **Cultural and political resistance:** With 75% homeownership, policies that might lower housing prices are politically untenable, as they risk alienating a majority of the population.
- **Tax system inefficiencies:** Past incentives disproportionately favored short-term rentals and tourism (5% tax rate) over long-term rentals (28% tax rate). Recent efforts to correct these imbalances are met with resistance from landlords and other stakeholders.
- **Complexity in policy design:** Conflicting incentives and overlapping benefits create inefficiencies, particularly when regulations don't distinguish between housing for financial investment, tourism, and long-term residential use.
- **Mismatch of expectations:** Rental markets are growing because fewer people can afford homeownership, yet policies fail to address this shift effectively.
- **Investor concerns:** Landlords and developers fear instability, with unpredictable regulations creating a high-risk environment.
- **Systemic inefficiencies:** Policies fail to differentiate between housing for tourism, investment, or long-term residence, leading to overlapping incentives and confusion.



## The cross-evaluation workshop discussion



*Credits for images: DASH project 2024*

In the afternoon, Hans Thor Andersen facilitated a reflection and cross-evaluation session on the Portuguese housing system. For nearly two hours, the DASH participants engaged in a detailed discussion of the morning's presentations and broader themes in housing policy. Topics included the mismatch between demand and supply characteristics and trends, the residual size Portugal's social housing sector, and the importance of fostering cooperation between municipalities, housing associations, and the private sector. This collaboration was emphasized as crucial for developing a cost-based housing sector accessible to all, regardless of income.

The lack of administrative data, such as the number of new dwellings approved or completed, hampers the ability to track policy implementation. However, access to market indicators -such as rent and sales data, the number of households experiencing affordability stress, and rental vacancy rates-is available on the following links.

For more information on housing construction costs see [here](#); for more information on house price statistics at the local level see [here](#); for more construction and housing statistics see [here](#).

The importance of a flexible allocation system for social and affordable housing is critical in municipalities where market-based rents are inaccessible for the majority of families. Such a system can help prevent the overrepresentation and segregation

of low-income households, the unemployed, and ethnic minorities in peripheral areas while ensuring access to housing for a broader segment of population.

The participants raised several critical issues:

They noted the latent capacity within the existing housing stock, with only 69% of Portugal's six million classic dwellings being used as permanent residences, while 19% are designated as secondary residence and 12% remain vacant. Despite this, land consumption continues to increase.

Participants voiced concerns about the lack of political commitment to implementing measures aimed at discouraging vacancies and second homes, which could otherwise help address urgent housing needs. They described the Portuguese housing system as highly reactive, providing punctual and limited responses to structural and enduring housing problems associated with socio-economic inequality - rather than proactively addressing underlying causes or preventing problems from occurring in the first place. For example, they referred to the rehousing program implemented during the 1990s and 2000s to address the proliferation of informal settlements in the metropolitan areas of Porto and Lisbon, noting that it came as a reactive measure instead of creating policies to prevent the emergence and widespread of informal settlements through affordable housing programs.

Participants noted that the promotion of tourism, as well as digital nomads, short rentals, and hotels to stimulate the economy, has been prioritized over policies to address access to housing as a basic human right. This has had negative impacts on those who need to access housing markets (students, young professionals, civil servants). Proper regulation in the field of housing is needed, as well as instruments to foster the production and protection of social and affordable housing.

It was also discussed how the lack of maintenance in many social housing estates is the result of a lack of funding, low rents, and the fickle and uncertain funding transferred to municipalities by a centralized system that is very exposed to several structural and political threats -e.g., political decisions that do not prioritize the

provision of housing at controlled costs or propose policies for the disposal of social and affordable housing (such as the right to buy).

Moreover, the governance of the social housing sector was discussed, with criticism that residents are excluded from significant decision-making. Centralized models of policy decision-making are generating increasing spatial disparities between regions, and the needs of groups with particular requirements—whether in terms of the type of housing or different forms of support—are not adequately considered by national programs and local housing strategies (e.g., people with disabilities or mental illness, homeless people, the frail aged, migrant workers, etc.).

Participants also mentioned that close cooperation between the departments of planning and housing, both at the national and local government levels, could be a major positive factor in the social housing sector's expansion and improvement. They also noted that new practices of public-private cooperation have emerged to streamline delivery, but, so far, they have not delivered as expected.

Finally, the exchange of perspectives between participants enabled the formulation of two sets of policy recommendations.

### **First policy recommendation – evaluation/monitoring**

- Improve methodologies for estimating housing needs and for allocating public resources based on those needs, with the goal of reducing inequalities.
- Develop a system of indicators related to the provision of social and affordable housing by municipality (including data on starts, completions, demolitions, and sales). This system should complement the existing system of indicators for urban development operations, which currently covers private licensing (e.g., number of buildings licensed for new construction and rehabilitation, by typology, number of units, and estimated execution time).
- Enhance evaluation methodologies for housing policies, particularly regarding their impact on socio-spatial inequalities and the resilience of the sector.

## Second policy recommendation - Strengthening the Rental Market

- Enhance regulation to ensure affordability and stability in the rental sector.
- Increase investment to ensure the expansion of a public housing sector that addresses the needs of low- and middle-income populations through models that prevent segregation.
- To prevent segregation, national and local policies should require the design of mixed-tenure developments that combine social/affordable housing with private market housing. This approach would foster more cohesive communities and mitigate the risk of socio-economic and spatial divides.
- Housing strategies should be integrated and regulated within urban development plans, sustainability targets, and social inclusion initiatives.
- Policies should also address local challenges such as urban gentrification and incentivize the rehabilitation of existing buildings over new construction, which would help preserve historical neighbourhoods and promote environmental sustainability.

## General conclusions

To address the inefficiencies in housing policies and the challenges of affordability, the following priorities were identified:

1. **Policy continuity and clarity:** Stability in regulations is critical to building trust and encouraging participation from landlords and investors. For instance, the rental control program in Portugal is hindered by frequent regulatory changes, mistrust in public sector management, and insufficient incentives for landlords. Policies must be consistent and well-structured to ensure long-term engagement. Similarly, changes in public-private partnership (PPP) models—such as extending contracts from 30 to 99 years—

may attract investors but risk public sector control over land and housing in the future.

2. **Decommodification of housing:** Policies should prioritize creating non-speculative housing, such as cooperatives, public housing, and community land trusts. Challenges in implementing rent control show that housing markets cannot be treated purely as commodities; instead, policies must aim to extract housing from speculative pricing mechanisms.
3. **Strengthened tenant protections:** Rental markets are increasingly growing as homeownership becomes less accessible. Strengthening tenants' rights and ensuring fair rent control mechanisms—without discouraging private sector participation—is essential. However, policies like rent freezes or caps on increases (e.g., Portugal's 2% limit) must also account for inflation and landlord concerns to remain sustainable.
4. **Addressing tax limitations:** The limited impact of Portugal's Affordable Rental Program highlights critical design flaws, such as tax benefits applying only to individual landlords and not to companies. Given that a significant portion of landlords operate as businesses, this exclusion reduces the effectiveness of the program. Reforms must broaden eligibility to ensure incentives are accessible to all stakeholders in the rental market.
5. **EU-level solutions:** National housing policies face limitations in addressing systemic challenges. Coordinated EU-level interventions, such as rent control frameworks, targeted housing investments, and financial support mechanisms, are necessary for meaningful, large-scale change.

6. **Addressing structural issues:** Differentiated regulations are needed to tackle unique challenges, such as tourism, short-term rentals, and long-term residential use. The rental market is particularly complex, as landlords must weigh incentives like tax benefits against their broader financial interests. The prevalence of black markets in rental housing further complicates efforts to regulate and tax this sector effectively.
  
7. **Stakeholder engagement:** Transparency and accountability in public-private collaborations are essential. For example, resistance to transferring public land in PPPs reflects ideological and financial tensions that can delay or derail housing projects. Policymakers must carefully balance financial viability with public interest while ensuring clear roles and responsibilities for all stakeholders.
  
8. **Public-private collaboration with safeguards:** While PPPs often provide a necessary path to scaling housing solutions, mechanisms must be in place to protect public land and ensure affordability goals are met. Rental control programs and PPPs alike face significant challenges when public and private sector priorities clash, requiring stronger frameworks to align stakeholder incentives.
  
9. **Comprehensive rental market reforms:** The rental market's issues extend beyond tenant protections. Reforms must address landlords' concerns about risk, low returns, and mistrust of government programs while tackling systemic inefficiencies like overlapping tax incentives and the dominance of short-term rental markets. A balanced approach is critical to creating a rental market that is both fair and sustainable.

## Further readings:

Allegra, S., Tulumello, S., Allegretti G. (2022) “Housing policy in the political agenda: the trajectory of Portugal”. In F. Gelli, M. Basso (Eds.), *Identifying Models of National Urban Agendas. A View to the Global Transition*, Palgrave Macmillan.

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