

URBAN REHABILITATION: A SOLUTION FOR HABITATION

We are **currently experiencing a widespread difficulty in getting access to housing**. We can find many theories that try to justify this difficulty, namely the increase in the cost of construction materials, the inertia of the government or even the option for a disproportionate and careless approach by the agents of the real estate market. We don't know, nor do we seek to know, the reasons for the **difficulty in accessing housing, we rather prefer to present a solution** – the **Urban Rehabilitation**.

WHAT IS THE URBAN REHABILITATION?

Urban Rehabilitation, in the **modality of building rehabilitation**, involves the requalification of degraded or functionally inadequate buildings, restoring safety, cleanliness and aesthetic appeal through works and other improvements. Any **building over 30 years old** and/or located in an Urban Rehabilitation area can **qualify for fiscal benefits and special conditions of access to credit**. Such benefits and conditions turn Urban Rehabilitation into a highly attractive investment that we believe it is time to get to know.

WHAT ARE THE BENEFITS?

Regarding the conditions of access to credit, one should be aware that with the **banking institutions** defined for this purpose by IFFRU, you can benefit from more advantageous financial loans in order to carry out **construction works, studies, projects and plans related, equipment acquisition, lighting and installation of solar thermal panels.**

Regarding **fiscal benefits**, you can count on **three groups of advantages related to Urban Rehabilitation:**

1. Advantages regarding tax exemption - by rehabilitating the property you shall benefit from an IMT exemption on the acquisition of the property or on the first transmission following the rehabilitation and an IMI exemption in the three years following the rehabilitation;

2. Advantages regarding the rate of taxation - all income from land, such as income relating to the rental of property and capital gains obtained from a future sale of the property, will be taxed at a rate of 5%, meaning that the 28% rate normally applicable to this type of income will not be applied;

3. Advantages related to IRS - rehabilitating a property allows the deduction of up to 500 euros of the costs incurred with the rehabilitation.

Depending on the **city council where the property to be rehabilitated is located**, it may also benefit from the **reduction of some municipal taxes.**

A property that can benefit from this regime, either by age or state of degradation that it is, will be a property with a lower market cost when compared with ready to live properties. This **difference in market cost** when added to the **advantages mentioned** above and to the **possibility of customizing** the property according to your personal needs, turns **Urban Rehabilitation** into an attractive regime that can **greatly improve the investment** that you intend to undertake and set up a **real solution for Housing nowadays.**

HOW CAN YOU ACCESS TO THIS REGIME?

If you have a **property that qualifies to benefit** from this **program** you should, **before the rehabilitation works are carried out**, request a declaration from the City Council attesting the property's state of conservation. Following this request, a technician from the **City Council** will visit the property and carry out a **technical qualification** of the condition of your property, assigning it a numerical level. It will be according to the **level assigned** that you will have to carry out the requalification works, since the application of the above mentioned regime depends on one condition: to **raise two levels from the level assigned prior to the requalification works**, to at least a "good" level (which is equivalent on a **numerical scale, according to the law, to level 4**). Thus, if your property was, before the works, at a **level 2 (bad)**, in order to benefit from the advantages described, you will have to requalify it so that it becomes level 4 (good).

In the light of the above we can conclude that the **Urban Rehabilitation Regime** is a **useful alternative** when it comes to buying a house. Since it is a quite complex regime and implies a **combination of technical and legal knowledge**, we recommend that you look for help from competent **professionals in the area** in order to guarantee security and return on your investment.

This article is generic, and does not constitute, nor should it be interpreted as constituting, legal advice to the actual case, so that the application of the Urban Rehabilitation regime to a given situation will always depend on a **careful and thoughtful legal analysis of all the circumstances**.

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