



## **Amendments to the Legal Framework for Territorial Management Instruments**

*Decree Law no. 117/2024 of 30 December was published on December 30th, amending the Legal Framework for Territorial Management Instruments.*

*This amendment aims to increase the offer of land for residential developments that meet the requirements of controlled costs and affordable sales. Therefore, in order to simplify the procedure for reclassifying rural land into urban land, a special reclassification regime was now introduced - in addition to the other land reclassification procedures already provided for in the law, namely the procedures for detailed plans with registration effects ("Planos de pormenor com efeitos registais") -, being implemented by means of a simplified amendment to the municipal master plan.*

*Pursuant to this special regime (to be regulated by ordinance), whose application is limited to cases in which the purpose is residential or related to residential purposes and its complementary uses, the following requirements must be fulfilled: (i) the delimitation and development of an execution unit ("Unidade de execução"); (ii) at least 70 per cent of the total above-ground construction area must be for 'public housing' or 'moderate value housing' (this is a new concept, which aims to cover access to these dwellings by the middle class); (iii) compatibility with the local housing strategy, municipal housing charter or housing stock; (iv) the existence or, alternatively, the guarantee of the provision of general and local infrastructures, the necessary collective use facilities and adequate green spaces to cover the needs arising from the new uses.*

*Land reclassification must also fulfil a set of requirements aimed at safeguarding the preservation of fundamental natural values and functions, as well as preventing and mitigating risks to people and property.*

*From a procedural point of view, we point out that the reclassification to urban land under this new special regime (i) requires the approval of the municipal assembly, based on a proposal from the municipal council (preceded by the preparation of a technical opinion that must support the reclassification of the land and subsequent public consultation), (ii) is subject to land registration.*

*It should also be noted that, in addition to a limit on the sale price of residential properties that must be registered in the land registry certificates, municipalities are granted a pre-emptive right after the first transfer of buildings or autonomous units built on land reclassified under this new land reclassification regime.*

*The maximum period for carrying out urban planning operations after the reclassification of land under this legal regime is 5 years. At the end of this period (and its extension), the classification of the land as urban land automatically lapses.*

*In addition, and taking into account that on 31.12.2024 the deadline for the integration of land qualification and classification rules into the municipal and inter-municipal land-use plans expired, this amendment also allows (i) the execution of urban planning operations*

*in areas whose purpose is residential or related to residential purposes and its complementary uses (ii) the non-application of the suspension of the rules relating to developable areas or planned urbanisation reclassified as urban land in these same areas whenever they have acquired the characteristics of urban land in the meantime.*

*The effectiveness of these exceptions depends on a declaration issued by the Municipalities.*

*In summary, this is (another) attempt to respond to the residential crisis, based on modifying (in a simplified way) municipal plans and in which Municipalities play a decisive role.*

*This legislative amendment comes into force on 29th of January of 2025.*

*If you have any doubts or queries on this matter, please do not hesitate to contact the Urban Planning team at pbbr - Sociedade de Advogados, SP, RL.*

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