



“AL” restrictions in historical districts

Under the 2018 Local Lodging legislation, City Councils are able to create “containment zones” that can place limitations on Local Lodging activities. In addition to restricting new “AL” offerings in historic neighbourhoods, municipal authorities can also adopt preventive measures or suspend “AL” establishments within these containment zones.

The following new rules will impact historical districts, specially in Lisbon and Porto, leaving other parts of the country mostly unencumbered by initiatives from local authorities.

1. Quotas by Council Parishes

Municipalities may establish quotas on the installation of new local lodging establishments in areas of greater burden on long-term rental housing. Following an initial decision by the city council assembly, authorities will have one year to put these regulations into place.

2. Owners limited to seven “AL” units

Investors wishing to open local lodging units in areas that municipal councils may determine to be containment areas are limited to seven “AL” establishments. Exceeding this amount will lead to heavy fines. Outside these geographical areas, there will be no limit on the number of units under management.

3. Closing establishments based on registration irregularities

Contradictions between recorded property information and “AL” registration documents may lead to the temporary ban on the operation as a Local Lodging establishment. City councils are responsible for verifying such irregularities within their municipality, adding to the newly acquired municipal oversight domains under the 2018 legislation.



4. Personal and non-transferable registration

The registration number of the “AL” establishment located in containment areas, as defined by the local authorities, is personal and non-transferable, regardless of whether it is in the name of an individual or a company. The registration expires if there is a transfer of the registration itself or if more than 50% of the share capital of the company holding the registration is sold. Only in case of succession by death will there be no expiration.

5. Hostels still without special regime

Contrary to prior proposals, hostels continue to be considered as “accommodation establishments” within the Local Lodging category, regardless of room configuration. They may call themselves “Bed & Breakfast” or “Guest Houses”. Because of the dormitory room configuration in most hostels, they often put a strain on infrastructure, particularly when located in older buildings in historical districts.

Conclusion

The approval of these changes is part of the whirlwind of “AL” controversy as inflamed local sentiments have often taken precedence over national interest. It remains to be seen if these alterations will usher in a period of stability or, to the contrary, be just another episode in on-going “AL” instability.