



## THE AFFORDABLE RENTAL PROGRAMME (“PAA”)

The Affordable Rental Programme was launched to enhance the supply of residential housing at controlled prices. The initiative targets accommodations for individuals and middle-income families who now have difficulty in finding affordable flats, taking into account the prices currently being practised in the marketplace. The premise is to create a win-win situation for all parties. Tenants should be able to find housing at lower prices. Simultaneously, landlords can advantage of the new tax breaks on the rental income they receive.

### Who can participate?

The Affordable Rental Programme (“PAA”) applies only to new contracts and renewals. For tenants, there are income ceilings when joining the programme. If the lessee is single, annual income must be under €35,000 to be eligible. If the household is comprised of two people, the joint income may not exceed €45,000. For each additional member, the maximum ceiling rises by €5,000.

Students may also apply, even if they do not have any income of their own. Landlords may place properties in the “PAA”, provided that the rented property respects certain prescribed conditions.

### How does it work?

An online platform is available on the housing portal ([www.portaldahabitacao.pt](http://www.portaldahabitacao.pt)) where the owners can simulate the conditions for the lease, namely the maximum amount of rent that is allowed to be charged. If they want to join, they complete an online form in which they will have to enter data such as the area of the property, type of accommodation and location as well as download the habitation permit and the energy efficiency certificate of the property.



The platform then issues a registration certificate to be attached to a future contract so the landlord can access the tax benefits. Those who want to rent a home can also simulate the conditions under which they can join the programme, including the maximum and minimum income they can afford under this initiative. If they meet the required conditions, they can join the platform by identifying the number of people in the household, their incomes and the type of accommodation. With this data, an application certificate will be issued, which will be attached to a future contract.

The landlord and the tenant can freely negotiate the contract within the required parameters. For example, rent cannot exceed a certain amount, but nothing prevents a lower price being negotiated (within the minimum limits). Once the contract is signed, this document must also be downloaded from the platform.

Lease agreements made under the PAA must have a minimum duration of five years. There is one exception: in the case of displaced students, the minimum period is nine months.

### **How much will each household pay in rent?**

The rent will have a minimum limit and a maximum limit. The value of the lease cannot be less than 15% and not more than 35% of the average monthly gross income of the household.

### **How much will the owners' charge?**

This depends on the property in question, but there are maximum amounts for rentals that owners can charge. These limits were set by the government and vary according to the location of the housing. There are six different levels, as follows:



### **Monthly rental limits: by type (in Euros), per level**

Levels	T0	T1	T2	T3	T4	T5
Level 1	€200	€275	€350	€425	€475	€525
Level 2	€250	€350	€450	€525	€600	€675
Level 3	€325	€475	€600	€700	€800	€875
Level 4	€400	€600	€775	€925	€1025	€1125
Level 5	€525	€775	€1000	€1200	€1350	€1500
Level 6	€600	€900	€1150	€1375	€1550	€1700

### **Can a tenant sublet?**

No. The rule is one person per room. For example, a couple with a child can rent, at most, a T3.

### **Can the landlord demand a guarantee?**

Generally speaking, no. However, there are exceptions. This is the case for students without their own income. In this case, the person paying the rent will assume the role of guarantor.

### **Insurances**

In order to join the platform, three types of insurance are mandatory. The first is to cover the failure to pay rent. The second, to safeguard against the loss of income to the tenant's income. And a third, to cover any damages to the property. The latter two are for tenants. Until these insurances are in place, a guarantee may be necessary.