



# OPEN LETTER

**TO THE GOVERNMENT,  
DEPUTIES, THE LISBON CITY  
HALL AND CITIZENS!**

January 2017

## **LIVING IN LISBON TO BUILD A LISBON FOR ALL!**

It is increasingly difficult to live in Lisbon. Over the last few years we have witnessed a profound change in housing dynamics in Portuguese metropolitan areas. A drastic increase in housing rental prices, which has led to the expulsion of the population from the inner city areas, together with a sharp drop in supply and an exponential increase in house prices have made access to housing in Lisbon a privilege of the few and almost an inaccessible right for Portuguese families in general.

In the last three to four years, rental housing rates have increased between 13% and 36%, while purchase prices have increased by up to 46%, depending on the city areas. This means that the household debt burden for housing lies between 40% and 60% of family income, when common standards recommend a debt burden rate of up to 30%.

The signatories of this Open Letter express their deep concern regarding a situation that results from the process of gentrification, associated with and accelerated by a peak in international recognition and the greater intensification of tourism and accommodation for tourism purposes that Lisbon is experiencing, with the consequent pressure of land and property speculation.

It is the signatories belief that the state has undoubtedly contributed to this process through the planning and use of legal and financial instruments to promote private investment in the real estate market, in particular the "New Urban Lease Law", the "Non-Habitual Resident Law" and the "Golden Visa".

The 2012 New Urban Lease Regime, which was imposed by the Troika and is subordinate to property interests, has further liberalized rentals and thereby increased the power of landlords, over-updated rentals and facilitated evictions, leading to the expulsion of many inhabitants and the end of their economic, social and cultural activities.

The "Fiscal Regime for Non-Habitual Residents" and the "Golden Visa Portugal" (Residence Visa for the so-called investors) has greatly contributed to the intensification of real estate speculation. The former is for EU citizens with high economic capacity. The latter is for citizens of other countries and allows them residence to carry out investment activities, in particular the transfer of capital, creation of employment and purchase of real estate. In both cases, it benefits foreign citizens with significant tax reductions and even exemptions, thereby creating unequal conditions between those who benefit from fiscal promotions and balances and permanent residents, Portuguese or foreign, who do not enjoy any tax benefits.

There has been a rise in housing prices throughout most of Portugal. This has alarmed the International Monetary Fund, which has warned of the risk of a new housing bubble and further public and private indebtedness. We know that the United Nations Organization considers housing a global urgency in the fight against inequality and has launched a New Urban Agenda. We consider the social function of housing and the right to housing, as provided for in the constitution and by law, to be issues of the utmost urgency.

Concerning Lisbon, if the insufficient supply of housing and excessive increase in prices continues - with their exponential rise in its historical centre but spreading to all areas of the city - we will continue to witness a loss of local population, to Lisbon's depopulation in general with a decreasing number of young people and the collapse of numerous local communities that give colour and life to the city. The policies that the government and the municipality follow are contradictory and even run contrary to their official discourse, because they fail to reflect and address the needs of a capital city, which is intended to be inhabited, plural and diversified: a city to be lived in by all and not just to be speedily consumed by a few.

The signatories of this Open Letter express their deep concern about the ongoing housing policies, which are widening socio-territorial inequalities, expelling a large number of families to the peripheries and rendering access to housing in city centres a privilege of the richest, thereby generating urban imbalances and fomenting social conflicts. These policies are negative for economic development because they are excessively dependent on real estate speculation and tourism.

We recognize and do not question the importance and strategic interest of the tourism industry to the economy of Lisbon and Portugal as a whole. However, we would like to highlight that tourist activities cannot depend on a merely conjectural situation, but should be planned with a sustainable and integrated long-term vision. We believe the risk of an unregulated, extreme and probably excessive tourism burden coupled with intensive and unplanned exploitation of territory to be a source of unsustainability and may even, in the short term, prove destructive.

We believe that the temporary and short-term use of housing for tourism purposes should be

managed, controlled and balanced, and that permanent housing accommodation should be supported and energized.

We note that similar situations have arisen in other cities in Europe, the United States and Canada, but the authorities there have already taken measures to look after and defend their cities and citizens.

The signatories consider it imperative and urgent for a national and municipal housing policy to be adopted to promote and stimulate public and private leasing with rights and duties as well as security and stability. A policy that will encourage vacant properties (including state and municipal heritage) to be placed on the market and create diverse partnerships between private and social sectors, together with rent control mechanisms through a suitable fiscal policy, taking into account the social function of leasing, which hamper or even prevents evictions without ensuring that residents are rehoused.

We believe there is a pressing need for new housing and land-use planning policies, a Housing Bases Law and a tax policy that differentiates the various uses of housing.

We are committed to civic intervention in order to debate and draw up proposals for a transparent and collaborative public policy that citizens may follow and participate in and to the setting-up of a platform to bring together their wishes, ideas and dynamics.

We consider it urgent to launch another Lisbon development paradigm as a shared and socially diversified territory, giving priority to economic and social balance, equality and cohesion, access to housing, multiplicity of uses, public space, mobility, heritage conservation, the promotion of culture and sports, civic coexistence and citizen participation.

**We consider it urgent and essential that the subject of HOUSING be placed and kept at the forefront of Portugal's national political agenda.**

***Gentrification: Real estate valuation process of an urban area, generally accompanied by the displacement of the residents with less economic power to another place and the entrance of residents with greater economic power.***

## **The Signatories**

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