

Portuguese Affordable Housing Concession Program - Partnerships for Affordable Housing

Briefing Note

Scope of information

Please consider that this communication, and the subsequent ones, do and shall take place for the purpose of a market sounding and do not refer to any type of procurement procedure on the above-mentioned Affordable Housing Concession Program. In addition, preliminary information on the Affordable Housing Concession Program will be disclosed and such information is considered not to be inside information.

November 2025



Government driven initiatives for the housing market

The Affordable Housing Concession Program, part of the new strategy approved by Council of Ministers' Resolution No. 164/2025, of September 24th which aims to deliver up to 10,000 dwellings by the end of 2035, draws on key levers from the existing initiatives to deliver a comprehensive PPP-driven housing program

GOVERNMENT INITIATIVES

COST-CONTROLLED CONSTRUCTION - HCC

The *Habitação a Custos Controlados* (HCC) program consists in housing constructed or rehabilitated with financial support from the State, which grants tax and financial benefits to promoters. Under this program, construction costs and sale prices must respect the limits imposed by the underlying legislation. In 2025, the government updated the variables that dictate construction cost limits to better reflect the current reality of the real estate market.

AFFORDABLE RENTAL PROGRAM - PAA

The *Programa de Arrendamento Acessível* (PAA) promotes the availability of housing rentals at prices lower than market rates, with stability and security. Property owners can rent out their properties at reduced prices in exchange for exemptions from IRS or IRC on the rental income. Additionally, the PAA stands out for the ease of access and digitization of procedures achieved through the Affordable Rent Platform.

EIB FINANCING LINE FOR AFFORDABLE HOUSING

The Government and the European Investment Bank (EIB) have approved a new credit line amounting to €1,340 million to reinforce the public housing stock in Portugal. The financing will enable the construction and renovation of about 12,000 homes for affordable rental, mainly aimed at middle-class families. The first tranche, in the amount of €450 million, was signed on the 18th of September 2025.

➤ **THE AFFORDABLE HOUSING CONCESSION PROGRAM DRAWS ON THESE INITIATIVES TO DELIVER A COMPREHENSIVE PPP-DRIVEN HOUSING PROGRAM:**

01

The HCC sets the Program's standard for construction costs and effective tax incentive frameworks

02

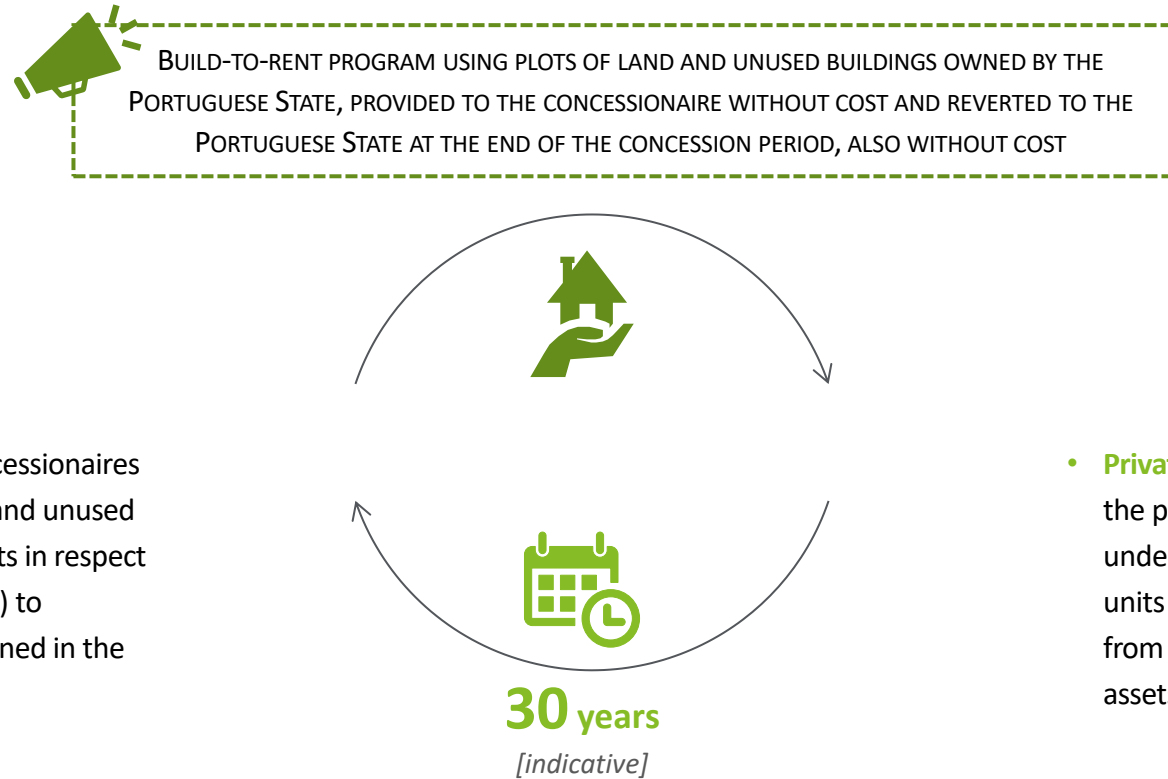
The PAA defines the Program's legal framework, procedure, tax incentives and digital infrastructure

03

EIB is involved as a driver behind Program's implementation and key financier of the initiative

Program's scope & structure

The approved Affordable Housing Concession Program aims to develop affordable rental housing on State-owned properties



- **Public sector role:** (i) to select the concessionaires and to provide them the plots of land and unused buildings; (ii) to define the requirements in respect to construction and tenants' profile; (iii) to compensate the concessionaire as defined in the concession agreement

- **Private sector role:** (i) to convert into housing units the plots of land and unused buildings provided under the concession; (ii) to lease those housing units at affordable rent levels and collect rents from the tenants; (iii) to properly maintain the assets

20 assets, with c. 493 thousand sqm of gross floor area, were preliminary selected, located in the **Metropolitan Areas of Lisbon** (Lisboa, Oeiras, Amadora, Almada and Setúbal) and **Oporto** (Porto, V.N. Gaia and Espinho), as well as in **Algarve** (Portimão, Albufeira and Faro). The Program foresees the edification of up to 5,000 new dwellings, **from T0 to T3**, with the possibility of additional mixed-use retail and underground parking and risk sharing between public and private, as per presented in next slide.

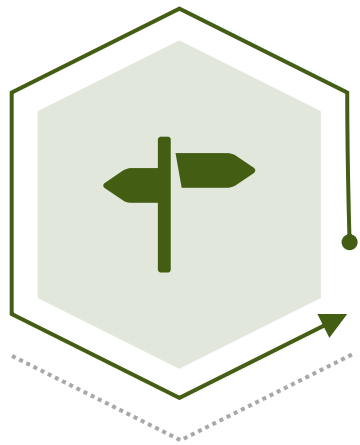


Program's scope & structure

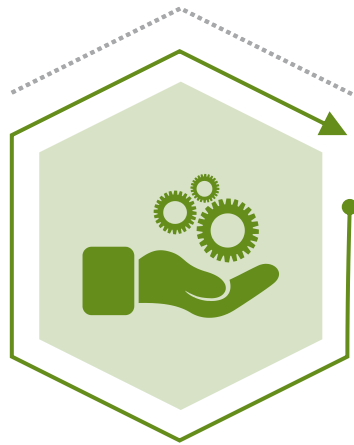
The proposed concession considers the public sector assumes bearing the risks related to program conditions and structure, while the private sector handles risks tied to implementation

| RISK CATEGORY | DESCRIPTION | PUBLIC | PRIVATE |
|--------------------------------------|--|--------|---------|
| Land/building availability | Land/building available timely, permits ready, clear potential liabilities | ✓ | |
| Design | Design not being adequate to the objectives of the project | ✓ | ✓ |
| Construction | Costs, delivery time, quality standards according to contract | | ✓ |
| Operation and maintenance | Performance and O&M costs according to contractual expectations | | ✓ |
| Rent limits | Set according to affordable housing national policy dispositions | ✓ | |
| Market access | Access to the program, policies in place, public registry of potential tenants | ✓ | |
| Selection of tenants | Selection of tenants and procedures in place leading to contract signature | | ✓ |
| Demand and revenue | Events affecting demand levels and demand related revenues | | ✓ |
| Financing | Obtaining the necessary finance and related issues (e.g. refinancing) | | ✓ |
| Security and tenant behaviour | Affecting assets through vandalism or unruly behaviour | | ✓ |

Key discussion topics



**STRATEGIC FIT
AND INTEREST**



**CONSTRUCTION
PHASE**



**RENTING
PHASE**



**RISK
ALLOCATION**



**FINANCIAL STRUCTURING
AND RETURN**