

PORTUGAL

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Table 1: Portuguese Housing Stock, by tenure (2021)

Ownership type	Number of dwellings	Percentage
Owner-occupied	2,900,391	70.0%
Rental	922,921	22.3%
- of which: <i>owned by public and not-for-profit entities</i>	123,053	3.0%
Other	319,731	7.7%
Total primary residences	4,143,043	

Source: Statistics Portugal, Population and Housing Census (2021); IHRU

Notes: 'owned by public and not-for-profit entities' is a broad category that includes homes owned by municipalities, public agencies (e.g., IHRU), social leasing arrangements (e.g., with intermediation by charities), and some private rental housing that has received a public financial support. Thus, it does not strictly equate to 'social' housing only

Brief historical overview

Urbanisation in Portugal started in the mid-20th century, concentrated in the two major metropolitan areas of Lisbon and Porto. This process accelerated after the 1960s. This led to overcrowding, unhealthy housing conditions, and illegal construction. During the 'Estado Novo' dictatorship period (1933-1974), the promotion of public housing was practically non-existent. Some housing programmes were implemented by the regime, though mainly in the form of homes for owner occupation.¹

Article 65 of the post-revolution 1976 Portuguese Constitution states that "everyone has the right, for themselves and their family, to housing of an adequate size, in hygienic and comfortable conditions and which preserves the personal intimacy and family privacy". The Portuguese welfare system that emerged out of the 1974 revolution did not put much emphasis on housing.

At the same time, the country experienced several economic crises (IMF interventions in 1977, 1983 and 2011), all of which significantly limited the fiscal capacity of the state to engage in capital investment in things like social housing. Overall, the supply of social housing in Portugal has always remained limited, though slightly less

so in the two metropolitan areas of Lisbon and Porto.

Central government is responsible for the provision of social housing, but since political agreements between national and municipal governments in the 1980s the latter has gained responsibility for the construction, distribution, and management of social housing developments. The capital required for investment still comes from central government.²

The most significant form of public intervention in housing in Portugal has been the support provided to homeownership in the private market, largely through subsidised credit for home purchases. According to official data, between 1987 and 2011, 73.3% of total public funding for housing was channelled towards ownership schemes, while only 14.1% went to public rental housing programmes.³

What is meant by social housing?

In the Portuguese context, social housing refers to publicly-owned or managed dwellings that are rented at below-market rents to eligible households. Eligibility is primarily established taking into account household income.⁴

¹ Pinto, Teresa Costa (2017). Moving to a new housing pattern? New trends in housing supply and demand in times of changing - the Portuguese case. Critical Housing Analysis, Volume 4 Issue 1, pp 131-141

² *Ibid.*

³ IHRU (2015), 1987-2011: 24 anos de esforço do Orçamento do Estado com Habitação

⁴ Housing Europe (2012), Housing Europe Review 2012: The nuts and bolts of European social housing systems

Financing and supports

The sector has historically suffered from a lack of public investment. The financial constraints imposed on the sector by the very low rents paid by social tenants is also a headwind to investment. Social rents are usually set well below the actual cost of provision for the social housing providers.

However, more recently, there has been a substantial change in policy direction. As part of the national ‘Recovery and Resilience Plan’ (*Plano de Recuperação e Resiliência*) significant investment and stronger institutional cooperation on housing have emerged. In addition, a National Housing Programme 2022-2026 (*Programa Nacional de Habitação*) has been set out.

RRP funding of around €985m is enabling a major expansion of public housing, engaging the Institute for Housing and Urban Rehabilitation (IHRU), municipalities, and the National Building Rehabilitation Fund (FNRE); with support from the public enterprise *Construção Pública* to accelerate large-scale projects.

However, the early results have deceived, with actual levels of housing production falling below the targeted levels. This is mainly due to administrative bottlenecks and limited municipal and construction sector capacity.⁵ This shows the inherent difficulties in trying to rapidly upscale the delivery of social housing.

Despite this, the trajectory for 2025-2026 is upward (expecting 26,000 housing units overall provided through PRR), though a large share of the planned supply will in fact only be fully built out post-2026. Furthermore, the Government recently announced a major revision to the initial plans. The objective is now to add 59,000 new social homes by the end of 2030. To achieve this, the Government has allocated an additional public investment envelope of €4.2 billion.⁶

⁵ Housing Europe (2025). The State of Housing in Europe – 2025.

⁶ *Ibid.*

⁷ EIB. (2025, 18 September). Press release - Portugal and the EIB approve €1.34 billion framework loan for affordable housing.

In parallel, the PRR also sets the goal of creating or making available 3,500 new “affordable” housing units. These are for middle-income households who cannot afford market housing. This will involve new construction, acquisitions, and rehabilitations of existing dwellings. In this regard, a €1.3 billion loan from the EIB has been secured.⁷

Accessing social housing

Different kinds of criteria for eligibility and priority to access social housing have historically been applied by various public housing programmes.

Generally speaking, the public housing stock is allocated to people on low incomes through regional and public competitions. The households living in social housing neighbourhoods are mostly made up of families living in poverty.⁸ However, the future development of affordable housing schemes shows some desire to broaden the state’s intervention somewhat.

Service delivery

Social housing is owned by municipalities, which either manage it directly or—especially in larger municipalities—through dedicated public housing companies. There is currently no updated overview of the existing municipal social housing, however the sector is estimated⁹ at about 10% of the stock in the metropolitan areas of Lisbon and Porto; playing a typically more marginal role in most other areas of the country.

The IHRU also owns and manages its own social and affordable housing, providing a total 14,000 dwellings, in 17 Districts (plus the Autonomous Region of Madeira and Azores).¹⁰

While social housing was traditionally considered by Governments to be a response to housing deprivation and social vulnerability, in the light of increasingly widespread problems

⁸ Pinto (2017)

⁹ *Ibid.*

¹⁰ IHRU (2024)

with housing affordability, the new initiatives announced in recent years aim to broaden the scope of public housing programmes.¹¹

Integration with social policy

The development of social housing in Portugal has historically been very closely linked with the eradication of slums; which were often linked to the aforementioned rapid urbanisation in areas like Porto and Lisbon. A number of resettlement

programmes have been implemented since the early 1990s (PER, Prohabita and most recently the First Right). Furthermore, in 2018 a programme was approved to promote cohesion and socio-territorial integration in four pilot areas of public social housing (*'Da Habitação ao Habitat'*),¹² through an integrated response at the level of different sectoral policies, namely housing, education, employment, social action, health, culture, security, citizenship and equality.

CASE STUDY / KEY POLICY FEATURE

The Municipal Housing Charter

In 2019, the first Basic Housing Law created the 'Municipal Housing Charter'—a municipal instrument for planning and land use in relation to housing, to be coordinated, within the framework of the Municipal Master Plan (PDM), with the other land management instruments and other strategies approved or planned for the municipal territory. A Municipal Housing Charter (*'Carta Municipal de Habitação'*) should include:

- A clear assessment of housing needs in the municipality;
- Identification of housing resources and local delivery potential, particularly in undeveloped urban land, abandoned developments or buildings, and vacant, dilapidated or abandoned dwellings;
- Prospective planning and organisation of the needs resulting from the installation and development of new economic activities to be established;
- The strategic definition of the objectives, priorities and targets to be achieved within its term of validity.

Also within the scope of drafting the Municipal Housing Charter, municipalities may approve a 'Reasoned Declaration of Housing Need,' which entitles them to priority access to public funding for housing, urban regeneration, and the integration of disadvantaged communities.

In short, the Municipal Housing Charter is an innovative local housing policy instrument to both require and enable Portuguese municipalities to speed up the resolution of housing problems and to strengthen the capacity for consultation and to access requisite funds for the development of housing policies; alongside territorial cohesion and social inclusion.

The Lisbon Municipal Housing Charter 2023–2032 (CMHL), for instance, is the strategic instrument for municipal intervention in the field of housing, approved by the Municipal Assembly on a proposal from the City Council. It is valid for 10 years and focuses on the planning and development of new housing by municipal initiative or in partnership with cooperatives and private individuals, the rehabilitation of the housing stock and the social integration and improvement of access to public and leisure spaces and collective use facilities. The Lisbon Municipal Housing Charter identifies a significant potential for housing supply on municipal land, amounting to approximately nine thousand homes (approximately 7,000 from new construction, and 2,000 from renovation of vacant dwellings).

¹¹ José Luís Cunha (2025), Affordable Housing Policies in Portugal. Presentation at UfM Working Group on Affordable and Sustainable Housing, Barcelona 16 January 2025.

¹² Updates on the programme can be found at: <https://www.portaldahabitacao.pt/da-habitacao-ao-habitat-legislacao>

Conclusions

Public housing policy in Portugal has historically been marked by underinvestment, with most resources focusing on subsidised credit for homeownership, with the limited funding for social housing historically aimed at the poorest households, and being geographically concentrated.¹³

During the last decade, however, wider sectors of the population have increasingly faced problems with housing costs. This is especially true in the rental sector, which in coastal areas and the main cities has seen a significant impact from tourist lettings and the spread of short-term rentals. Rent prices nationally increased by 50% between the start of 2020 and the start of 2025 alone,¹⁴ following on the back of an already rapid pace of increases in the pre-COVID years. In Lisbon, the average rent per square metre is double the national average, and there is evidence to suggest that the city is now the least affordable in the EU.¹⁵ The rent increases have significantly outpaced wage growth, and are increasingly out of reach, especially for young people. Currently 70% of Portuguese young adults (aged 20-29) live at home with their parents.¹⁶

Considering the current housing affordability crisis, the Government has established several ambitious measures to increase the supply of affordable housing, including through the use of EU funds. This is allowing the public housing sector to develop new capacity and has resulted in an upscaling of the medium-term ambition for the development of additional social and affordable homes; i.e., 62,500 such homes built by 2030.

¹³ Pinto (2017)

¹⁴ INE. (2025, 27 June). The median house rental value of new lease agreements increased by 10.0% and the number of new lease agreements decreased by 10.4% compared to the same period in 2024 - 1st Quarter 2025. Lisbon: Instituto Nacional de Estatística.

¹⁵ Turnbull, D. (2021, 24 November). The private rental sector and housing (un)affordability in European cities. Brussels : Housing Europe.

¹⁶ José Luís Cunha (2025)