

# LOCAL LODGING REGULATORY UPDATE

*The latest updates to the legal framework for local lodging establishments will take effect on November 1<sup>st</sup>, 2024. These changes aim to enhance municipalities' decision-making authority regarding local lodging in their territories.*

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After the revocation of the Extraordinary Contribution on Local Lodging, effective retroactively from 31 December 2023, the latest changes to the legal framework governing local lodging establishments were published on 23 October 2024 and will come into effect on 1 November 2024.

Generally, these changes aim to grant greater decision-making power to municipalities regarding local lodging within their territories.

To this end, municipalities will be able to approve municipal regulations to govern this activity in their respective territories and may define containment areas (areas with restrictions on the establishment of new local lodgings) and healthy growth areas (a new definition referring to areas where special monitoring measures may apply to prevent undesirable effects of local lodgings overload on neighbourhoods). The municipal regulations may also include the appointment of a local lodging mediator, a new role primarily aimed at resolving local lodging disputes between the municipality and residents.

For containment areas, municipal regulations may establish, among other aspects, that new registries of local lodging establishments in buildings or units thereof that have been subject to residential lease agreements in the two years prior to registry cannot be authorized, as well as the conditions and limits applicable to new local lodging registries, particularly regarding duration and awarding rules. For new healthy growth areas, municipal regulations may stipulate, for example, the maintenance of a certain proportion or minimum number of residential building units where local lodging establishment cannot operate. Containment areas and healthy growth areas should be reassessed every three years.

The following changes are also noteworthy:

- The approval of the commonhold owners' assembly (*assembleia de condomínio*) is only required for the installation of hostels in units.
- The deadline for opposing the registry request for the installation of a local lodging establishment extends to 60 days from the date of submission and to 90 days for requests to operate local lodgings in containment areas (previously 10 days as a rule and 20 days for hostels).
- Violation of installation restrictions established by the municipality in containment and healthy growth areas and non-compliance with applicable legislation will now be grounds for opposing the registry request for the installation of a local lodging establishment.
- Limitations to transfer of local lodging registries have been revoked. Nevertheless, it should be noted that the municipal regulation may impose restrictions on the transferability of new registries for certain local lodging establishments in containment areas (without affecting

cases of succession, donation to spouse, partner, descendants or ascendants, and divorce, separation or partnership dissolution).

- Three new conditions may now lead to the cancellation of the local lodging registry by the mayor: (i) lack of valid mandatory insurance, (ii) repeated and proven acts disrupting the normal use of the building, unless the dispute is settled, and (iii) in containment areas, if there are residential lease agreements in the two years prior to the relevant request, in violation of the municipal regulation.
- It is clarified that local lodging establishments may operate in residential units and that commonhold property deeds or regulations may prohibit such operation. The commonhold owners' assembly (*assembleia de condomínio*) may also prohibit such activity by resolution passed by a majority representing 2/3 of the buildings value (*permilagem*) but such limitation will apply only to subsequent local lodging registration requests.

In municipalities with more than 1,000 registered local accommodation establishments, the municipal assembly must decide, within a maximum of 12 months from the date the municipality reaches 1,000 registrations, whether to exercise the power to approve the above-mentioned regulation.

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