

# CHANGES TO THE "LAND LAW": WHAT HAS CHANGED?



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**“IN PRACTICAL TERMS, A SPECIAL REGIME FOR RECLASSIFICATION FOR URBAN LAND IS CREATED, THROUGH A SIMPLIFIED AMENDMENT OF THE MUNICIPAL MASTER PLAN (PDM), WHOSE DECISION-MAKING PROCESS”**

WRITTEN BY



**MÁRCIA FARIAS**  
Associate



**MARTA VERA-CRUZ**  
Trainee

On January 29th 2025, Decree-Law 117/2024 of December 30th came into force, which amends the Legal Regime of Territorial Management Instruments (RJIGT) to allow the simplified reclassification of rustic land into urban land, in order to enable construction on these lands, as long as it is intended for housing.

In practical terms, a special regime for reclassification for urban land is created, through a simplified amendment of the municipal master plan (PDM), whose decision-making process is up to each municipal assembly, on the proposal of the city council. In this context, the decision will be taken at the local level, meeting the legally established requirements, being certain that the local entities are considered the most competent to decide on the fate of the soil that is part of their territory.

The objective of this legislative amendment is to allow the increase in the area of land used for the construction of housing, namely public and affordable housing, in order to respond to the extensive difficulties in accessing housing and, as well, to create housing at a moderate cost. For the execution of urbanization works and building works, a deadline will be determined, which can only be extended once, for a period corresponding to at least half of the initial period granted, for exceptional reasons and provided that urban operations have already started. At the end of this period, if the planned urban operations are not carried out, the classification of the land as urban automatically expires.

There are, however, restrictions on the reclassification of land as urban, namely in sensitive areas, such as the National Agricultural Reserve, the National Ecological Reserve, the areas integrated in the National System of Classified Areas (excluding areas not covered by the

protection regime), and the areas covered by special coastal programs, public water reservoirs and estuaries.

The reclassification of urban land is subject to land registration, through free registration to be promoted by the city council on its own initiative based on a certificate of the deliberation of the municipal assembly that proceeds with the reclassification.

Taking into account the specificity of the matter, all legal acts and transactions that have as their object the transfer of properties built on these reclassified lands, intended for the construction of housing of moderate value and subject to a limit on the sale price, must be carried out with the express mention of these facts, under penalty of annulment.

**“TAKING INTO ACCOUNT THE SPECIFICITY OF THE MATTER, ALL LEGAL ACTS AND TRANSACTIONS THAT HAVE AS THEIR OBJECT THE TRANSFER OF PROPERTIES BUILT ON THESE RECLASSIFIED LANDS, INTENDED FOR THE CONSTRUCTION OF HOUSING OF MODERATE VALUE AND SUBJECT TO A LIMIT ON THE SALE PRICE, MUST BE CARRIED OUT WITH THE EXPRESS MENTION OF THESE FACTS, UNDER PENALTY OF ANNULMENT.”**



The law in question is already in force, but some changes were recently approved by Parliament, which will soon come into force, namely the replacement of the concept of moderate value by housing at controlled costs, considered to be the most efficient option for "containing" housing prices. The concept of housing at controlled costs is established by Ordinance and takes into account construction costs. On the other hand, the concept of moderate value, still in force, uses free market criteria, namely the median selling price per square meter.

Another of the changes to be made aims to introduce an additional level of evaluation to the reclassification regime, through an opinion from the CCDR (Commission for Coordination and Regional Development), in order to ensure greater security in the reclassification process.

Finally, the criteria of territorial contiguity will also be restored, in order to avoid the creation of "urban islands" in the middle of rustic lands.