

OCTOBER 2018

AMENDMENT TO THE LEGAL FRAMEWORK REGULATING THE EXPLOITATION OF LOCAL ACCOMMODATION ESTABLISHMENTS

LAW 62/2018 OF 22 AUGUST

Law 62/2018 of 22 August (which will come into force on the 21st October 2018) introduced several changes to the legal document regulating the exploitation of local accommodation establishments – Decree Law 39/2008 of 7 March –, aiming at halting the exponential increase of such establishments and at countering some of the pernicious consequences with which it has been associated.

Generally, Law 62/2008 introduced obligations to those who already take advantage of this business, simultaneously granting condominiums and municipalities the authority to limit the expansion of new establishments.

The main changes introduced by Law 62/2008 are as follows:

MUNICIPALITIES

Municipalities are granted the power to approve, by regulation and reasoned deliberation, **containment areas** by parish, enabling the potential enforcement of limits regarding the number of local accommodation establishments.

In the abovementioned containment areas, a single landlord can only exploit a maximum of seven local accommodation establishments, this being a **quantitative restriction** which did not exist beforehand.

Until the entry into force of the regulation referred above, the municipal assemblies may still, through reasoned decision, taken after proposal of the city halls, suspend the authorization of new registries, for the maximum of one year, in the defined containment areas.

The Lisbon City Hall has already announced its intention to propose the suspension of new registries in the following neighborhoods: Castelo, Mouraria, Alfama, Bairro Alto and Madragoa, which is waiting approval by the Lisbon municipal assembly.

Additionally, through sustained deliberation of the municipal assemblies, adopted following the proposal of the municipalities, the granting of new registrations can be suspended for a period of no more than one year, in the containment areas specifically delimited.

The **new registration** of local accommodation establishments is effected, on a deadline, upon prior notification addressed to the Mayor who can issue grounded opposition to the registration.

The Mayor can, additionally, order the **cancelling** of the establishment's registration in the cases referred to in Article 9 of Decree-Law 39/2008.

CONDOMINIUMS

The tenants' assembly can, by decision of more than half of the building, expressed in parts per thousand, through reasoned deliberation arising from continued and demonstrated practice of acts that disturb the normal use of the building, as well as from acts that cause a nuisance and impair the tenants' rest, **oppose to the development of the local establishment activity** and propose to the Mayor with local jurisdiction the cancellation of the local accommodation registration.

Regarding **hostels**, the prior notice on a deadline (concerning the new registration) shall, necessarily, be accompanied of the minute of tenants' assembly authorizing its establishment.

The condominium can, as well, determine the payment of an **additional contribution** by tenants who own local accommodation establishments, with a maximum limitation of 30% of their respective annual share, resulting from the increased usage of the common areas.

LIABILITY FOR DAMAGES CAUSED TO THE BUILDING

Joint liability: The owner of the local accommodation establishment is jointly responsible, with the guests, for damages caused, by the latter, to the building in which the establishment is located.

Multi-risk insurance: The owner of the local accommodation establishment must take and ensure the validity of a multi-risk insurance against civil liability which specifically covers fire hazard and damages to property and personal injuries caused to guests and third parties, in the context of the activity of the local accommodation establishment.

INFORMATION BOOK

Local accommodation establishments must have an information book, detailing the establishment's operation and its internal rules and presented in four languages, two of which are necessarily Portuguese and English.

The display of a plaque identifying the local accommodation establishment becomes compulsory as well.

INCREASE ON THE AMOUNT OF FINES

The amount of fines was increased from 3,740.98€ to 4,000.00€, in the case of natural persons, and from 35,000€ to 40,000€ in the case of legal persons, specifically when the local accommodation establishment is not registered, the registration is not up to date or when the provisions regarding the maximum capacity of the establishment have not been complied with.

APPLICABILITY

Some of the above-mentioned provisions will not have immediate applicability, having a two-year deadline been granted so that owners of already existing local accommodation establishments take multi-risks insurance, place identifying plaques

and/or take on the obligation to pay an additional contribution to the condominium's share, to a maximum of 30%.

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