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Lisbon's Amendment of Short-Term Let Regulations Following Housing Impact Evidence

In late 2025, the Lisbon Municipal Assembly adopted a **second amendment to the Municipal Regulation on Short-Term Letting (MRSL)** in response to assessments showing that previous restrictive measures had not alleviated housing affordability issues in the city. These changes were published in the Official Gazette of the Republic of Portugal on **5 December 2025** and came into force on **6 December 2025**.

Background and Rationale

Lisbon originally introduced strict STL measures in 2019, including a moratorium on new licences, with the intention of protecting residential housing stock and slowing rental and sale price growth. However, data highlighted that these restrictions did not achieve intended outcomes. Evidence indicates that **housing prices and rents continued to rise rapidly** and that **hotel and other tourism accommodation costs increased**, undermining affordability for both residents and visitors. Analyses of the city's policy experience have noted that limiting short-term rentals did not substantially expand housing availability or reduce cost pressures.

Policy Implications

The adjustment reflects a policy pivot from broad moratoria and national-level restrictions towards **targeted, evidence-informed local regulation**. It acknowledges that structural housing supply constraints, rather than STL prevalence per se, have been a primary driver of price inflation. Lisbon's approach now combines **strategic containment with tailored exceptions** that recognise rehabilitation and mixed use, while enabling ongoing monitoring and responsiveness.

The revised framework introduces:

- **Updated containment criteria** based on the ratio of short-term lets to permanent dwellings, now monitored monthly at municipal, parish and neighbourhood levels, with 10 per cent used as the threshold for "absolute containment" zones
- **A city-wide cap that allows short-term letting up to 10 per cent of total housing stock**, overturning the previous moratorium on new licences

This recalibration reflects Lisbon's response to evidence that past restrictions did not materially improve housing affordability. The new 10 per cent cap is intended to balance housing needs with community and visitor accommodation interests.

Recommendation

Policy makers should interpret Lisbon's experience as a case study of **policy recalibration** where initial regulatory intent did not align with measured housing outcomes.

Sources

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- https://www.cuatrecasas.com/en/global/real-estate/art/amendment-lisbon-municipal-regulation-short-term-letting

Fiona Campbell, CEO Association of Scotland's Self-Caterers

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