


MEASURES TO LIMIT THE INCREASE IN RENTAL PRICES FOR MAIN RESIDENTIAL HOUSING IN ANDORRA

In view of the issues related to the difficulty of accessing main residence housing at an affordable price for the Andorran population, especially during these last two economic years, mainly due to significant residential growth along with rising inflation, the Government of the Principality published the "Law 24/2023 of November 28, on measures to stimulate and stabilize the housing rental market", which came into effect last Monday, January 1, 2024.

Understanding the essential elements of this law is equally relevant whether you are a tenant under the circumstances envisaged by it or if you are the owner of a property in rental operation.



Regarding the legal regime applicable to the compulsory extension applied in previous fiscal years, the following should be considered:

- For rental contracts signed during the year 2019 or earlier, upon their expiration, a three-year extension applies, and the rent may be increased according to the following scale:
 - If the rent is less than 6 euros per square meter, the lessor may increase the rent by a maximum of 4% plus the CPI.
 - If the rent is equal to or greater than 6 euros and less than 7 euros per square meter, the lessor may increase the rent according to the CPI.
 - If the rent is equal to or greater than 7 euros and less than 8 euros per square meter, the lessor may increase the rent by a maximum of 4%.
 - If the rent is equal to or greater than 8 euros per square meter, the lessor may not increase the rent.

The lessor must reliably notify the lessee of the applicable increase, at least one month before the end of the main contract or any of its extensions.

- For contracts formalized during the year 2020, upon their expiration, a two-year contract extension applies and the rent will be updated, provided it is foreseen in the contract, based on the CPI.
- For contracts formalized during the year 2021, upon their expiration, a one-year contract extension applies and the rent will be updated, provided it is foreseen in the contract, based on the CPI.

The extension systems presented do not apply in these 4 cases:

- In the case that the housing is rented by the Government of Andorra for social uses.
- If the owner wishes to use it for personal use or for relatives up to the second degree of consanguinity (by sworn declaration). When the tenant is notified of the termination of the contract for this reason, they must communicate it to the Ministry competent in housing matters.
- Due to the need to execute works related to safety, health, and hygiene that prevent the property from being occupied. The works must in any case be subject to prior licensing and the incompatibility between the execution of the work and the occupation of the property must be recorded in the safety and health study at work and in the safety and health project signed by both the facultative management of the work and the occupational risk prevention company.
- If the contract is formalized in favor of a holder of a non-profit residence permit.

Regardless of the provisions regarding the extensions described, the landlord may terminate the ongoing or extended rental contract provided that:

- They communicate the intention to terminate the contract to the tenant, informing them of the intention to formalize a new rental contract with the same tenant.
- That the rent for such contract does not imply an increase greater than 10% of the rent in force up to that moment, with the contract subject to termination.
- That the duration of the new rental contract with the same tenant is at least 5 years.



Any conduct that prevents **the extension of a rental contract** for housing for usual residential use constitutes a **very serious administrative offense**.

It is evident that the executive's intervention in the rental market derives from the more than evident social tension due to the difficulty of accessing housing for the lower incomes and even for middle incomes in certain cases. These measures, among others, aim to rebalance the real estate market with the goal of eliminating intervention in the medium term.

At Augé Legal&Fiscal, we have a consolidated legal team in multidisciplinary legal assistance. Do not hesitate to contact one of our professionals if you find yourself in any of the cases described in this Newsletter.

+376 80 36 36 Carrer pere d'Urg, 10, Pis 5, AD500, Andorra la Vella



Copyright (C) 2023 All rights reserved.

Nuestro correo electrónico es:
info@augeholdinggroup.com

¿Quieres cambiar la forma en que recibes estos correos electrónicos?
Puedes actualizar tus preferencias o cancelar la suscripción.