

# THE PORTUGUESE PLANNING SYSTEM AND THE PLANNING PRACTICE OVER THE LAST TWENTY YEARS<sup>†</sup>

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**Abstract:** Planning practice is strongly influenced by three components that depend on national contexts: first, the existence of a tradition in planning, and the extent to which it is impregnated across the different layers of society, from national government to citizens; second, the socio-economic context that frame land and housing markets, and spatial development; and third, the legal framework that legally embodies that tradition in order to regulate those markets. These three components are strongly interdependent and they feed themselves constantly, in an action/reaction relationship. This creates a cycle that must be careful and permanently monitored in order to ensure the desirable convergence between practice and regulation. In this paper, we present an analytical overview of this cycle within the Portuguese planning system for the last two decades, a period of intensive activity in planning that is contemporary of a period of strong economical and urban growth that occurred after the country's admission as a full member in the former European Economic Community.

**Keywords:** Land management, urban dynamics, Portuguese planning system

## 1. INTRODUCTION

Portugal has experienced one of the most important development periods in its nine centuries old history during the last two decades, after becoming a full member of the former European Economic Community (EEC) in 1986. The recent history of the country shows that although national policies were, for many times, in line with the ideological vanguard that were in vogue in central European countries, the poor outcome of the national economy and the lack of a capable and well prepared elite turned out to be strong constraints to the development of the Portuguese territory and of the economy. Despite a traditional lack of national resources and the difficulties posed by being a highly peripheral country in Europe, Portugal was able to follow the innovative ideas that emerged in every period of European history. After the glorious period that followed the discoveries and the golden age that started in the 15<sup>th</sup> century and lasted for three centuries, Portugal started to experience slower economic growth in comparison with the emerging industrialized countries that would lead the country to pass over the first Industrial era. Only in the second half of the 19<sup>th</sup> century successive governments decided to implement significant efforts to plan and to create a national network of infrastructures – especially roads and railroads – that would foster and serve new industries. At the same time, the two larger cities, Lisbon and Oporto, had their first improvement plans that aimed to create new urban environments, inspired by the most well succeeded urban renovations in European capitals. The beginning of the 20<sup>th</sup> century is characterized by strong and continuous political instability that arose with the end of the monarchy and the implantation of the republican regime,

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leading the economy to near bankruptcy. A right-wing dictatorial regime overtook power by 1926 and implemented a series of policies that resulted in an increasing economic isolation of the country during the pre- and post-World War II periods, grounding the development on the resources obtained from the overseas territories in Africa and Asia. After 48 years that led the country to a significant gap of development in comparison with the other European countries, a revolution was conducted by democratic forces and democracy was instated. The following years were clouded by considerable political wavering, a phase that only ended in 1986 when Portugal joined EU as a full member.

This historic political inconstancy led the country to a significant (and structural) spatial and social development delay when compared with the developed central European countries. Some examples are illustrative of this structural underdevelopment. The educational level was extremely low in the early 1980s with around 74.2% with no more than nine years of school. By that time, only 1.5% of the population held a higher education degree. In 1991, less than 1% of the municipalities had their master plans approved and only 60% of the population was served by seaward systems and less than 36% (in 1997) was served by a waste water treatment plant. This situation started to turn with the use of the important amounts of financial resources that came from current EU via structural funds, which were extensively used for implementing several basic systems, for developing a national highway network, and for developing the national and local networks of public facilities (schools, libraries, health centers, new judicial courts, urban parks, among many others). At the same time, and as a direct consequence of this effort for providing the country with basic infrastructures, the national economy experienced one of its most important periods of growth in the last two centuries, with new market opportunities that came because of the full participation in the EU. This dual trend of economic growth and policy development created a very unique context that clearly marked spatial planning and policies during the last two decades.

We aim to describe these last two decades of planning activity in face of this fast growth context. This duality led the successive governments to create and then adjust planning laws and policies to allow the public and private initiative to operate according to the development goals, in a significant effort to develop the country infrastructures and to upgrade the quality of life.

## **2. A BRIEF HISTORY OF URBAN AND REGIONAL PLANNING IN PORTUGAL**

The Portuguese planning system has a long but intermittent tradition that goes back to the 18<sup>th</sup> century, when the massive rebuilding process of the Lisbon downtown took place after the destructive earthquake of 1755. The following two centuries had long periods of political instability that created a structural lack of tradition in public management and policy making. Despite many isolated laws and programs, urban policy only gained a definitive role in public policy during the 1980s, when new standards for quality of life were imposed because of our participation in the European Union.

The plan for rebuild Lisbon downtown marks the beginning of the Portuguese history in urban planning. By that time, a complex and cutting edge plan was designed and implemented to create a new capital that could represent the splendor of the Portuguese empire. This plan included not only architectural aspects of building reconstruction but also the technological conditions to build up the new buildings, considering housing conditions, public space, property ownership, and risk management. The plan must be considered a success as it was fully implemented during the following two centuries and the outcome is commonly acclaimed as one of the most interesting pieces of urban design in Europe. Latter, the first systematic attempt to introduce official plans occurred in 1865 when the national government decided to design and implement the improvement plans for Lisbon and Porto, as well as for a few other smaller cities (MOPCI, 1865). These plans aimed to cope with the significant increase of the population due to industrialization and to modernize the two main cities considering the new ideals that came out from the sanitary approaches that were on the basis of urban planning at the time. However, the administration failed to fully implement both plans and in 1934 a new law passed to promote and implement general urbanization plans for all the major urban areas in the country (MOP, 1934). This was the beginning of the institutional urbanism in Portugal (Lôbo, 1995), a process that started with the Section for Urban Improvements, the first national agency created in 1933 for urban planning within the Historical Heritage Services, and led to the creation, in 1944, of the new General Directorate of Urbanization Services which would undertake a massive

effort of professional qualification and planning practice in the upcoming years. This agency fostered the qualification of the first generation of Portuguese urbanists by supporting their studies abroad. More than two hundred plans and studies were approved by 1960, providing an incipient local administration with the first generation of planning regulations. This strong institutional structure has its most significant consequence on the traditional way of producing urbanized land. Since the first from the 18<sup>th</sup> century to the General Improvement Plans of the 1930s, the main driver of urbanization was the public initiative. Local and national administrations would be in charge of producing urban land by expropriating available land and then creating the basic infrastructure and streets system. The new urban plots would then be placed in the market to be sold to private contractors who would build and sell the new houses and commerce locations. This top-down planning approach was complemented with the necessary building regulation proposed in the early 1950s, when the General Regulation for Urban Buildings was approved (MOP, 1951). This new regulation established for the first time the minimum standards for good construction, focusing on housing conditions, providing at the same time the new requirements for the design of urban areas that could be applied to the entire national territory, regardless of having an approved general urbanization plan. It was the first time that some sort of planning and building regulations were in force for every location in the country. This regulation was very important to define the cityscape of many parts of the most important cities and remains in force after fifty years. However, the late 1950s brought a new and strong wave of migrations towards the major cities, posing new problems to the planning authorities. The capacity of public entities for creating new urbanized land and for providing with affordable housing for these new inhabitants in feasible time induced the informal occupation of land around Lisbon and Porto, with the appearance of the first mass suburbs around these two cities. The number of slumps increased very fast all over these cities and the necessity of speeding up the construction processes led the administration to open the possibility of private owners to promote their own land developments. This was possible with a shift on the urbanization paradigm that was brought by the approval of the Land Development Law (MOP, 1965). This new law allowed land owners to promote new urban developments in their own properties, assuming the costs of urbanizations and selling the new plots or even building new housing themselves. This liberalization of the possibility of promoting new urban developments by private investors created a huge number of new developments that, in many cases, produced low quality urban areas, posing new problems to planners. The other innovation was to devolve the capacity of issuing permits to the municipal authorities, enhancing their role in the planning process. Rapid urbanization was increasingly strong and a new attempt to provide the administration with the proper tools to tackle this problem was made with the approval of the Land Law in 1970 which was changed under the democratic regime in 1976. This new law<sup>1</sup> provided the administration with a series of land management tools that were expected to deal with land price, preventing profit speculation, and with the new low quality urban areas created in the previous decade due to rapid urbanization.

A new period of public policies emerged in the mid 1970s after the democratic revolution in 1974. After a first period dedicated to the problem of social housing and degraded urban areas that were the focus of public policies in the late 1970s, new and innovative laws were issued in the beginning of the 1980s. The first comprehensive planning act is issued in 1982 and it introduces the legal entity of the Municipal Master Plan. The local administration, which had their powers reinforced with the democratic regime, has now the legal obligation to develop and implement 10-years-long master plans for the totality of their territories. At the same time, the national government issued the National Ecological Reserve (MQVACP, 1983) and the National Agricultural Reserve (MQVACP, 1982), both nationwide planning restrictions that aimed to protect land with ecological value (river banks and basis, high slopes, among several other features) in the first case, and highly productive agricultural soils in the second. However, planning issues were still not in the top of local agendas and the majority of the municipalities did not develop their master plans until the early 1990s. The country joins the former EEC in 1986 and from this moment on a massive wave of public investment in infrastructures takes place making use of the funds provided by EEC. During this new growth period, the national

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<sup>1</sup> This law is still in force in 2010 but its revision has started, being currently the one of the most important topics in the planning agenda in Portugal.

government puts planning in the public agenda again and in 1990 a new legal regime for spatial plans is approved (MPAT, 1990). This law was the first one to really produce effects at a national scale as it established new technical qualifications to local plans, giving local authorities the proper tools to develop and to implement them. To induce the design and implementation of local plans, the national government launched a national program to support the development of strategic planning and of local infrastructures, PROSIURB (MPA, 1994), which formally required the existence of approved master plans to apply to funds. The early 1990s were very productive and the majority of the municipalities had their municipal master plans approved by 1995.

Despite this new rhythm of planning production, the legal system was still lacking a comprehensive framework law that could clearly establish the goals and means to implement a national planning policy at all scales. Following an important effort to qualify our planning system, the National Planning Framework Law was approved (AR, 1998). This new law clearly establishes the different scopes and competences of planning at all scales, identifying the proper actors. It defines the rules to develop and to implement plans at all scales, establishing the necessary legal duties and rights to protect both public and private interests. Following this new legal framework, a revised planning act was approved in (MEPAT, 1999). This new law redefines the design and implementation of all plans to the new legal framework and significantly improves the technical quality of the law by introducing a series of land management tools to support plan implementation.

## **2. OVERVIEW OF THE PORTUGUESE PLANNING SYSTEM**

This section focus on a detailed description of the current legal framework for planning in Portugal. Actors, plans, and land management tools are listed and their interactions are described considering all scales of planning.

### **2.1 Main Actors**

The Portuguese administration is traditionally centralized at the National Government level. Spatial planning (and particularly land use planning) is one of the few sectors of administration that maintains an important level of decentralized competences, mostly at the municipal level. There are only two levels of administration, national and municipal, and the regional one is only instated in the autonomous regions of Azores and Madeira<sup>2</sup>. The rest of the territory (mainland Portugal) only has five decentralized agencies of the national government called Commissions for Regional Development and Coordination (CCDRs), which have the main goals of coordinating national policy for regional development, cities, and environment at the regional level and of ensuring the institutional interface between national and municipal administrations.

Planning policies are a mixture of national and municipal competences. The national government is in charge of producing national plans, regional plans (through the correspondent CCDR), sector plans (National Road Plan, Agriculture policy), and special land use plans for specific areas (such as coastal areas, artificial lakes, or national parks). The national government is also in charge of defining planning constraints that related to ecological features, agricultural land, or heritage, that must be observed by all plans. Municipalities are fully in charge of spatial and urban planning in their own territories. Nonetheless, municipal planning is highly subordinated to national sector plans or to national planning constraint. In fact, some municipalities are in charge of only small portions of their territory due to these national plans or restrictions, creating important tensions in the planning processes.

Private actors are increasingly more involved in planning both at the national and at the local levels. National policies are fully controlled by the public sector but recently the role of public-private

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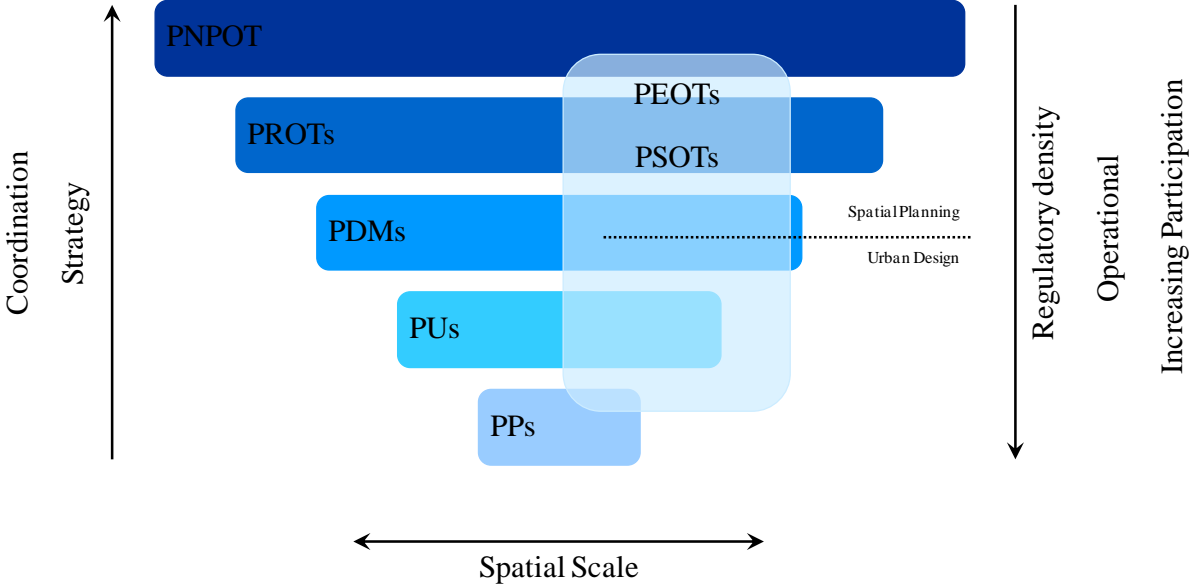
<sup>2</sup> This document only focus on the national planning system, discarding the specificity of Azores and Madeira regional laws.

partnerships in several sectors (transport infrastructures, energy, and hospitals) increased, giving to private groups a more decisive role in the processes. We can find the same trend at the municipal level, not only when infrastructures are concerned but especially with urban development and urban regeneration. Private developers are now a part of the processes and they had their negotiation capacities enhanced in the past two decades in the same proportion as the municipalities had their financial resources decreased.

**2.2 Current Legal Framework**

**2.2.1 General Planning System**

The current legal framework is defined by the revised planning act of 1999, which was again revised three times in order to simplify administrative procedures and to speed up administrative processes. This regime creates a national structure for spatial planning that is supported by a series of plans with different scales and scopes. This structure is depicted in Figure 1. There is both a scale and a legal dependency among plans especially at the municipal level.



**Figure 1 – National plan structure**

The main national policy instrument is the National Program for Spatial Development Policy (PNPOT), in force due to a specific law (AR, 2007). This is a policy instrument that defines the entire national framework for regional and urban development. Then there are the regional plans (PROTs) which aim to translate and adapt national planning policies at the regional levels. At the municipal level, there are three types of plans: the Municipal Master Plan (PDM), the Urbanization Plan (PU) for designated urban areas; and the Detail Plan (PP) for specific, neighborhood-like areas. PDM is a mandatory plan that establishes the municipal planning policies for a 10 years period. The plan has to comply with national or regional plans or planning constraints and includes zoning maps and the official regulations for new developments. It also includes the delimitation of the lower level plans (PUs and PPs). PU is a non mandatory plan that details for a number of urban areas within the municipality the planning policies that are established in the PDM. Because PUs are not mandatory, the boundary between planning and urban design is established at the PDM (or PU if existing) level because both types of plans have already a series of regulations and parameters that orient urban design at the project level. Finally, PP is the plan where urban design solutions are detailed at a very local scale. These plans are in fact projects as they are supposed to include all the project details all the

features that are proposed in the plan. These PPs are designed for a group of areas that the municipality considers of interest for development (or redevelopment) during the duration of the PDM.

There are also two other types of plans that are scale-free. First, there are the sector plans (PSOTs) which aim to define the planning policies for specific areas such as the road infrastructure (e.g. National Road Plan) or energy production and water supply (e.g. National Water Dams Plan). They are developed and implemented by national agencies or companies and regional and municipal plans must comply with their directives. Second, there are the special land use plans (PEOTs). These plans are detailed land use plans for specific areas such as national protected parks or artificial lakes. Their goal is to integrate land use regulations for spatial areas that include several municipalities, focusing on natural or heritage assets that are of common use for the municipalities.

National, regional, special, and sector plans legally bind the administration to their content. They do not imply with private actors as they cannot include measures that relate to private property. On the other hand, municipal plans are legally binding to private owners as they have the legal capacity to determine land use and other characteristics that directly implies with private property. The law is clear when private and public interests are concerned by establishing the duties and the rights of both types of actors, a matter that is discussed in more detail in the next section.

This hierarchical plan structure was proposed to promote, to a certain extent, content dependency. Nonetheless, this is arguable as they have been designed and approved with no specific order, which means that, for example, municipal plans were almost all approved with no regional plan to guide them in terms of intermunicipal planning or spatial cohesion. The totality of the country is covered by approved PDMs but only four regions have their regional plans approved so far.

Another important aspect of this law is the imposition of an evaluation procedure to spatial plans at all levels of planning, through a new national service called the Observatory for Planning. The first discussion over the evaluation of this law is one of the topics of the current national agenda.

**2.2.2 General Land Management Tools**

The law of 1999 included a series of land management and plan implementation tools that were absent from the previous law of 1990, giving to planners a new handset of tools to better design and implement plans. The law defines three different means of public and private relationships to implement plans as presented in Table 1.

**Table 1 – Plan implementation systems**

Compensation	Cooperation	Administrative Initiative
Private actors (land owners) have the initiative and must compensate the municipality	The Administration has the initiative in cooperation with private agents	Initiative of the Administration that can both promote itself the plan or have a public contest for an urbanization permit
An Urbanization Contract is settled between the promoters and the Administration	An Urbanization Contract is settled between the promoters and the Administration	The urbanization permit must be preceded by a public contest
Private developers must program and execute the necessary perequation of benefits and costs that are generated by the plan		The concessionaire inherits the legal rights of intervention from the municipality

Private initiative is promoted by considering two main systems of plan implementation, “Compensation” and “Cooperation”. If there is no possibility of including private owners, there is the possibility of a full public initiative called “Administrative Initiative”. These systems are explicitly defined in the law to create the proper conditions to use all the land mobilization tools available in

order to guarantee both public and private interests. The first system, “Compensation”, is based on the full inclusion of land owners who assume the capacity of promoting a plan (associated to land development). The second system, “Cooperation”, is a public initiative in which the municipality negotiates with land owners their participation in the projects. Both systems imply a proper compensation to the municipality in terms of land cessions for public use (parks, public facilities). The third system, “Administrative Initiative”, is considered to guarantee the possibility of a local administration to promote and implement a specific plan that is considered of great public interest to the municipality. All these systems have the possibility of establishing “Urbanization Contracts” with urban developers (hereby referred to as entities) to implement urban projects. The law establishes the possibility of devolving the legal powers given by land mobilization tools (presented in Table 2) to these entities legally in charge of implementing the plans.

**Table 2 – Land mobilization tools**

Tool	Description
Preference rights	The Administration has preference rights in all property transmissions for parcels within an approved plan, can be used without the Administration accepting the transaction price
Expropriation	The Administration can expropriate properties – land parcels and buildings – that are needed for the implementation of a plan: <ul style="list-style-type: none"> <li>▪ parcels served by new planned roads</li> <li>▪ properties that are not urbanized within 18 months</li> <li>▪ buildings that must be redesigned and are not within 18 months</li> </ul>
Property redefinition	The Administration can propose an agreement for a new property definition both for existent and for new buildings within the plan if: <ul style="list-style-type: none"> <li>▪ the owners don’t subscribe the agreement</li> <li>▪ the owners don’t start the necessary renovation works</li> </ul>
Land parceling	The Administration can propose a new property parceling for plan implementation: <ul style="list-style-type: none"> <li>▪ to adjust property to the final plan form</li> <li>▪ to promote “perequação” of benefits and cost</li> <li>▪ to produce usable areas for public facilities and infra-structure</li> </ul>

Many of these legal tools were already considered in other different laws (such as the “Lei dos Solos” of 1976), but they were now put in context with the plan implementation systems. The first one of these tools is the preference right. All the properties located within the intervention area of an approved plan which are sold have to be communicated to the entity in charge of the plan which has preference over that transaction. The law also gives expropriation right to mobilize land for plan implementation. This possibility ensures that a plan is not retained captive from a small number of land owners that are not willing (or do not have the capacity) to participate on the projects. Another tool concerns property redefinition when the owners of existing or future dwellings or buildings are involved. This ensures that complex property structures will not compromise plan implementation. Finally, the law also opens the possibility of promoting land parceling. This tool can be used whenever there is the necessity of adjusting land parcels to the plan proposal or when the compensation of construction rights and/or giving areas between all the land owners is concerned.

The law balances both public and private interests concerning plan implementation and property rights by establishing that both public and private land owners have the right to be compensated for benefits and the duty to participate on costs that arise from urbanization plans. For that, the law establishes the legal principle of property rights transfer, “perequação”<sup>3</sup>, a concept that means equal distribution of benefits and costs generated by an approved plan between all the land owners involved. The law states that “perequação” can be applied through three metrics, as presented in Table 3.

<sup>3</sup> There is no literal translation to English for the Portuguese word; we will maintain the reference to the Portuguese word to simplify the reading.

**Table 3 – Admissible metrics for “perequação”**

Average Construction Index	Average Giving Area	Distribution of Urbanization Costs
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The first one is the average construction index (or average floor space index), an indicator of the average abstract building possibility of a plot given by the plan. The second one is the average giving area, the value of the area that each plot has to give to public use (such as green areas or public facilities). These two metrics can be combined in order to balance the net building possibility of a plot. Finally, the law establishes that all the costs regarding the urbanization process, mainly linked to basic infrastructures, must be distributed among all the land owners according (1) to property size or (2) to the net building possibility of each plot. Land owners can acquire or sell building rights or giving areas in money or in land, measured both by square meters of construction or of plot.

### **2.2.3 Urban Renewal**

The new legal regime for urban rehabilitation (MAOTDR, 2009) has created a new legal framework to support a policy initiative on urban regeneration in Portugal that is in reality a complement for the spatial planning law in force. The issue of urban rehabilitation was present for more than two decades in the national agenda for urban policy<sup>4</sup> but only in 2004 it was upgraded to the level of law when the exceptional regime for urban rehabilitation was approved to give a decisive impulse to these processes (MAOTDR, 2004). This new regime introduced the concept of urban development companies<sup>5</sup> which would be in charge of promoting urban rehabilitation within predetermined urban areas, mainly focused on derelict historic centers. The law opens the possibility of having both public and private initiatives of urban rehabilitation (always under public supervision), allowing the establishment of concessions or rehabilitation works to urban developers. The law in force is more complete, defining two different systems of rehabilitation and several building mobilization tools to create the proper conditions for both public and private stakeholders to implement their projects. The legal regime establishes two main approaches for promoting urban rehabilitation: (1) isolated rehabilitation and (2) systematic rehabilitation. The first one is oriented to maintain the private initiative to promote the rehabilitation of buildings by their land owners at any time, maintaining the focus on the building stock. The second approach gives the administration the possibility of delimitating priority areas where a specific plan for urban rehabilitation is set up. This plan aims to integrate different interventions in the private and in the public realms, drawing strategies and regulations for dealing with the building stock, the public space, and the public facilities and infrastructures as a whole. The law establishes a comprehensive set of land (or building) mobilization tools that gives the management entity the proper capacity to promote and to implement plans. The most significant tools are listed in Table 4.

The possibility to expropriate is maintained to guarantee that a rehabilitation plan is implemented regardless of potential land owners that have neither the capacity nor the will to participate in the plan. Preference rights are also guaranteed with the same goal as in the general planning law. Land owners have the possibility to agree on property redefinition, to which they can have the support of the urban rehabilitation company. The most innovative tool is the forced selling of buildings. Land owners that are not willing to participate in plan implementation can be forced to sell their building to someone that has to assume the duty of rehabilitate it.

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<sup>4</sup> There were some programs in the mid 1980s and in the 1990s to fund constructions works in rehabilitation of buildings. Some of these programs are still in application and are used in combination with other actions taken under the framework of the new rehabilitation regime to fund rehabilitation works.

<sup>5</sup> The new regime has a broader concept and states that urban rehabilitation should be carried out by a management entity, which could be the municipality or an urban development company.



**Table 4 – Some of the building mobilization tools for urban regeneration**

Tool	Description
Coercive construction works	Land owner forced to do construction works, otherwise forced to sell or is expropriated
Preference rights	As established by general law
Expropriation	As established by general law, oriented to deal with landowners that are not willing to promote urban rehabilitation
Property redefinition	Land owners can settle on a property redefinition agreement
Forced Selling	Alternative to expropriation, land owner may be forced to sell building to someone willing to fulfill the duty of rehabilitation

### 3. PLANNING PRACTICE IN PORTUGAL IN THE LAST TWO DECADES

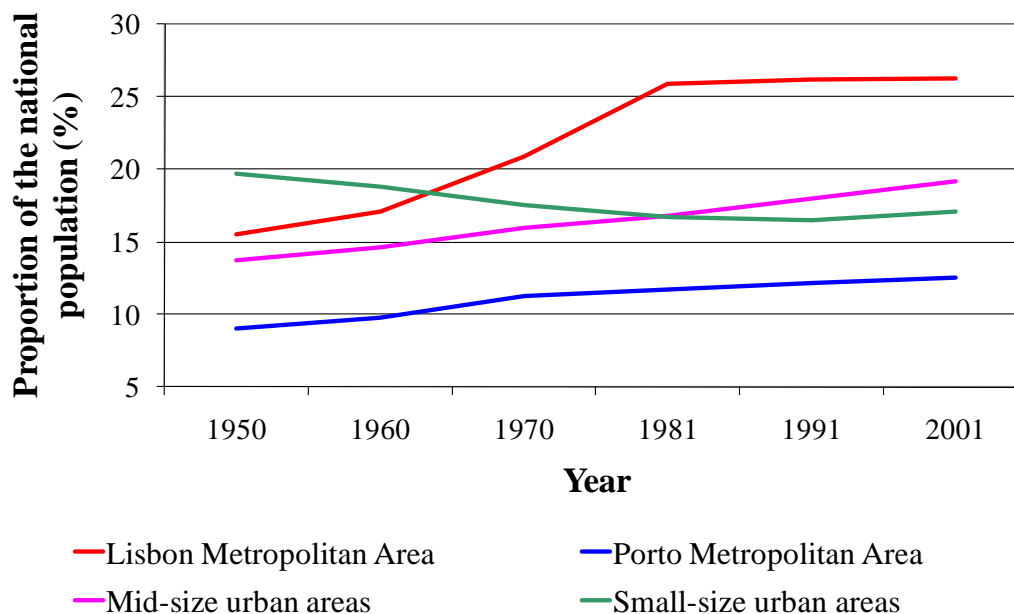
It is interesting to face together the planning system and its evolution with the growth context that Portugal experienced in the last two decades, during which the country grew significantly. In the early 1980s, the country was considerably less developed than the fellow members of the former EEC and both human and financial resources were not sufficient to meet the needs of the growing period that was about to start in 1986. The country then implemented new standards in terms of quality of live, converging towards European average levels in the majority of the relevant indicators by the early 2000s.

An important aspect regarding the significant improvement experienced by the planning system in Portugal regards the technical qualification of the planning departments of all levels of administration. Both municipalities and national government agencies gained a new breath with the incorporation of numerous specialists in different areas of planning which provided them a better technical capacity for dealing with the explosion of new plans that emerged in the early 1990s. The growth observed in public investment as well as in the economy was in addition, high and this better technical capacity might not have been enough to ensure the necessary level of quality in many planning processes. The rapid growth many times outdated several of the strategies delineated for both spatial and sector planning, imposing new reactive policies and programs to cope with some of the flaws of the system. The planning act of 1990 marked the beginning of a very dynamic period for planning in Portugal. After the first five years within the former EEC, the country was already benefiting from massive infrastructure funding and there was an urgent need for local plans to program the investment at the municipal level. Municipalities had gained more importance in the administrative structure with the democratic regime and some form of strategy and planning was necessary to cope with the new set of competences. Municipalities start to develop their plans but the large majority of them still had little planning practice (or even tradition) to guarantee that the first generation of plans could really met their planning goals. The national government promoted a series of incentives to induce the design and implementation of plans so that municipal applications to European funds could be better framed with local strategies. These incentives were successful and by 1995 the large majority of municipalities already had their Master Plans approved. By then, a new era had started with the beginning of the focus on land management under the legal existence of plans, a new perspective for many municipalities which were implementing plans for the first time.

The law from 1990 was simple in the sense that it was not proper qualified with capable land management tools to cope with many of the arising problems and the new law approved in 1999 is commonly accepted as a better and more capacitated one. It gave more importance to plan implementation by creating new concepts as the operational units for plan implementation as well as by legally defining some new concepts (as “perequação”) that were (and still are as its application is still reduced) expected to leverage the participation of private actors in the plans and in the urbanization processes. The new law led to what is commonly called the second generation of municipal plans. Many municipalities (11%) already revised (and the majority, 71%, started revising) their original Master Plans in order to give them a more strategic rather than purely regulatory

perspective. These new plans also intend to correct some of the faults from the first plans and to implement new development strategies more focused on urban containment by favoring urban regeneration and reducing the expansion areas proposed in the first generation of plans. Nonetheless, many of these revisions are once again characterized by a significant lack of quality (Gonçalves e Marques, 2010). In-depth evaluation of existing plans is scarce or based on scattered studies on demographics or local economy. Planning objectives are not spatially linked and focus more on socio-economic dynamics rather than on spatial dynamics. Land use classification still is highly diverse (there are more than 100 different land use classifications only for urban land uses) and there was no effort to standardize land use classes until 2009 when a new national regulation for land use classification was issued. Surprisingly, the majority of the municipalities still do not use GIS as decision support tools, working with analogical (or paper-based) systems. On the regulatory side, the legal framework is often criticized as being highly rigid, making it difficult to explicitly include in the law concepts such as strategy or plan-process, hence being very difficult to efficiently implement these concepts in plans. The consequence is that revision processes are, in fact, the elaboration of new plans that are many times in line with the old ones in terms of contents.

The first generation of master plans was mainly based on the logic of urban expansion. May they be small or large, more urban or mainly rural, municipalities based their plans on urban expansion, following a general goal of promoting their urban areas in a more competitive arena among neighboring municipalities. The massive investment in transport and basic infrastructures, public facilities, and public spaces qualified the Portuguese urban areas. This was especially the case of small-size urban areas, where the trend of population decrease (observed for more than fifty years) was inverted in the early 1990s, as it can be seen in Figure 2.



**Figure 2 – Evolution of the population in urban areas**

Mortgage rates also decreased significantly in the same period, making the housing market more accessible to families looking for their first-time owned houses, driving the construction industry to an important investment in this sector. Strong housing demand met the fast capacity to supply new houses leading to high growth rates of urbanized land, many cases over 50 percent in just one decade. Nevertheless, average rates for using new urbanized land between 1990 and 2006 are considered low by the national administration: the rate of urbanization of new expansion land was of 2% per year (which means around 22% per decade) while the average rate of constructing new buildings in plots located in new developments was of only 10% of the available plots, meaning that private investors were not able to fully explore the land that was made available for urbanization in the first generation of plans (Campos, 2010).

The expansion strategy observed in the first generation of plans is now shifting towards more conservative strategies based on containment. Those expansions transformed the Portuguese urban areas by creating new suburbs, making the old city centers less attractive for both housing and activity location. The housing sector experienced an impressive growth boosted by low mortgage rates leading the country to a significant surplus of housing offer. In the late 1990s the national government acknowledged that these dynamics were transforming the city centers into obsolescent areas which had lost their symbolic function, and created a nation-wide program of investment in city centers, the POLIS program. This was a heavily funded program aimed to invest in urban renewal (mainly in public space and infrastructures) in around fifty city centers mostly selected by public competition. This program was able to improve the quality of these city centers (in terms of public space and architectonic settings), regaining some areas that had little public use. At the same time, the issue of urban regeneration gained a new breath with the special legal regime for urban regeneration in historic city centers in 2004. Both POLIS and the urban regeneration initiatives were top-down proposals that had the goal of involving local public and private partners in renewing the city centers in order to promote the return of the population to these less attractive areas. Urban rehabilitation companies were created and started a proficient activity to mobilized a wide set of local actors to the regeneration process. Although the model is still too young to be fully evaluated, some of these companies are successfully using their own funds in combination with the national rehabilitation funds to induce land owners to rebuild their properties. Some cases are in fact very pro-active in creating a new dynamic of urban regeneration by using local funds to engage significant numbers of land owners promoting land owners associations, and increasing public participation, as it is the case of Porto (Neto et al., 2010).

#### **4. CURRENT PLANNING AGENDA**

The Portuguese planning system is now in a very mature state after an important period of definition of the planning laws and tools that occurred in the last two decades. During this time, the first generation of municipal master plans was approved and the second one is already being designed and approved. The majority of the sector plans were made and approved; national planning policies were defined and a large majority of the regional plans are approved or in the process of being approved. The planning infrastructure is considered as nearly completed and for the first time it will be considered as a whole and not as a disconnected collection of plans. Nonetheless, this first group of plans at all scales still needs to evolve towards more integration and content dependency to ensure that there is a strong compatibility between national, regional, and municipal planning and policies. There is also an issue of over planning in some regions that have many regional, sector, and local plans in force with superimposed areas of intervention, overlapping strategies, and planning options and making the management of these territories quite difficult. As for many other countries in Europe and across the world, negotiation assumes an increasingly significant importance, imposing more flexible approaches to planning particularly at the city scale. The application of our land mobilization tools is another important topic in our agenda, especially the application of “perequação” which has still little tradition after already ten years of legal existence. There is a need of a better comprehension of the negotiation process behind the use of this tool in order to maximize its potential in implementing the plans. In the urban regeneration arena there are also important issues in debate. The building industry is shifting their strategies, giving increasing importance to the business of rehabilitation. This is, in part, a consequence of the public initiative to foster urban rehabilitation with a specific law, which is putting more efforts to give these processes more flexibility. At the same time, the use of the new building mobilization tools (especially the forced sale) creates new possibilities to engage all the stakeholders involved guarantying land owners their fundamental property rights. The success of all these There is a new government initiative to revise the land law (MHUC, 1976) in order to create a proper legal framework for a more regulated control of the land market. It is arguable if this new land law is necessary as its goals converge with the ones stated in the more comprehensive National Planning Framework Law (AR, 1998) in which the more important land management tools are already considered. The debate over the creation of administrative regions (other than Azores and Madeira regions) is recurrent and it is again in the political agenda for the possible implementation of a pilot region. This regionalization may be the driver that is needed to boost a more representative planning

and policy integration at the regional level, especially when public investment in major infrastructures is concerned. Another topic that is now in the planning agenda is evaluation, a concept introduced in the law only in 1998. After two decades of a new and intensive planning practice, evaluation of plans and urban policies is assuming an increasingly more important role. Both national and local administrations are now developing new evaluation systems based on standardized sets of land use classification and performance indicators. The debate is intense and there are several initiatives to promote this new evaluation system. Both national and local administrations consider that this is not only another legal requirement but a true information database that will inform the next generation of plans at all scales.

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