

NEWS ALERT

Decree law by Catalan Government on protecting the right to housing due to the impact of the COVID-19 pandemic

November 10, 2020



On November 4, 2020, the Official Journal of the Catalan Government published Decree Law 37/2020, of November 3, to secure the protection of the right to housing due to the impact of the COVID-19 pandemic (“Decree Law 37/2020”), which came into force on November 5 and amends Act 24/2015, of July 29, adopting urgent measures to handle the urgent housing and energy poverty situation (“Act 24/2015”).

Besides the two technical amendments, Decree Law 37/2020 introduces a new third transitory provision into Act 24/2015, under which—during the state of emergency established under Royal Decree 926/2020, of October 25, or while a measure is implemented restricting the free movements of persons for health reasons—court decisions (in proceedings on mortgage foreclosure or eviction for non-payment of rent) that involve evicting individuals or family units at risk of housing exclusion (following the parameters of Act 24/2015) will be suspended in the following circumstances:

- (i) **The claimant is a large housing asset holder.** Under article 5.9., large housing asset owners are the following:
 - a) Financial institutions, their real estate subsidiaries, investment funds and asset management companies, including those arising from bank restructuring, under commercial law.
 - b) Legal entities that, alone or through a group of companies, own more than 15 housing properties, except:



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1. social housing developers referred to under letters a) and b) of article 51.2 of Act 18/2007, of December 28, on the right to housing; and
 2. individuals owning properties of which over 15% of the living space is classified as subsidized housing for rent.
- c) Venture capital funds and asset-backed securitization funds.
 - d) Individuals that own more than 15 housing properties or co-own these properties if their ownership interest is over 1,500 square meters of housing space, with the same exceptions established in points 1 and 2 above for legal entities.
- (ii) **The claimant is a legal entity that has purchased housing property after April 30, 2008, and that property**, on first or subsequent transfer, results from mortgage foreclosures, from debt offset agreements or dation in payment; or was sold due to the previous owner's inability to make mortgage payments.

The suspension also applies to all enforcement procedures arising from the following claims for mortgage debt and eviction orders, in cases where the property was occupied before the date on which the state of emergency came into force under Royal Decree 926/2020:

- (i) **Expiry of the legal title** allowing the occupation of the housing property.
- (ii) **The lack of a legal title allowing the occupation of the property**, when the claimant is considered a large housing asset owner under article 5 (letters a) and c) of section 9).

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