REAL ESTATE

NEW LAW REDUCES QUORUM FOR CHANGING THE USE OF A BUILDING OR REAL ESTATE UNIT

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AUTHORS

MARIA FLAVIA SEABRA
PARTNER / SÃO PAULO

LARISSA BARRETO VADNJAL MORAES
LAWYER / RIO DE JANEIRO

LUANA SANTOS ALVES
LAWYER / SÃO PAULO

Law 14,405/22 was published in the Official Gazette of the Federal Government, on July 13, 2022, which amended article 1351 of the Civil Codeto reduce the quorum required in condominium buildings for approval of a change in the building's or real estate unit's use. The Civil Code provided for the need for unanimous approval of the condominium owners. With this change, the quorum is now two-thirds (2/3) of votes.

Law 14,405/22 was based on the fact that the demand for commercial space has been decreasing over the years, generating, consequently, vacancies in rooms and buildings with this use. The scenario was aggravated by the Covid-19 pandemic, especially with the implementation and maintenance of home offices.

Several condominiums, as well as the municipalities themselves, started to rethink how to occupy these vacant properties, since those with an exclusively commercial use and adequate structure could be reused, by changing their use to mixed or residential use. The need for unanimous approval by all condominium owners, however, considerably hindered the adaptation of these enterprises to the new demands of the market.

The change has a major positive impact on the market. From now on, it is easier to change the use of real estate projects that have already been built, or even to expand them by building new buildings for purposes that are different from what was originally established.

This is the case, for example, with mixed used complexes. Many times this type of enterprise is initially composed of only one building of a commercial, residential, and/or hotel nature, and the developers decide, later on, to expand the enterprise with the construction of other buildings with different purposes. The requirement of unanimous approval by the condominium owners often made this decision difficult or even impossible.

The expectation is that the innovation brought by the law represents, in addition to an advance and dynamism to the sector, an incentive for revitalization practices (*retrofit*) and even for expansion of real estate projects.