

Newsletter

Real Estate, Infrastructure and Hospitality

Decree to amend the Housing Law and Civil Code to control rent increases in Mexico City

On August 28, 2024 it was published in the Official Gazette of Mexico City the "DECREE AMENDING THE SECOND PARAGRAPH OF ARTICLE 2448 D AND ADDING A THIRD AND FOURTH PARAGRAPH TO ARTICLE 2448 F, BOTH NUMBERS OF THE CIVIL CODE FOR THE FEDERAL DISTRICT, AND AMENDING SECTIONS XV AND XVI, ADDING A SECTION XVII TO ARTICLE 1; ADDING A SECTION XXXVII BIS TO ARTICLE 5; AMENDING SECTION VI OF ARTICLE 12; AMENDING SECTION I OF ARTICLE 13; ADDING A SECTION X BIS TO ARTICLE 21; AMENDING SECTION I OF ARTICLE 24; ADDING SECTION VII BIS TO ARTICLE 26; AMENDING ARTICLE 53 AND THE FIRST PARAGRAPH OF ARTICLE 59; AND AMENDING THE ONLY PARAGRAPHS OF ARTICLE 60 AND 73, ALL OF THE HOUSING LAW FOR THE MEXICO CITY, RELATED TO THE LEASE OF HOUSING IN MEXICO CITY" (the '**Decree**') by Dr. Martí Batres Guadarrama, Head of Government of the Mexico City.

The main purpose of the Decree being presented is to amend several provisions of the Housing Law for Mexico City and the Civil Code of the Federal District related to lease of housing: (i) to stop the excessive and constant increase in the cost of leases in Mexico City, establishing a maximum parameter of increase in lease costs, which should not be above the inflation reported by the Bank of Mexico; (ii) to implement a digital registry of lease contracts in charge of the Government of Mexico City, which generates legal certainty to lessors and lessees; (iii) to establish public policies that promote the construction of affordable housing and (iv) that Mexico City consolidates itself competitively at a global level.

The Decree was originated out of concern for the accelerated, disproportionate and excessive increase in the cost of leases in Mexico City in recent years, which has significantly affected the people who pay

rent in Mexico City and, consequently, the displacement of many people who have had to leave their homes and move to areas farther away from the central city. As well as the difficulty of living in central areas of Mexico City.

To achieve the above, the Decree proposes amendments to the Civil Code for the Federal District, and to the Housing Law for Mexico City, to read as follows:

Civil Code for the Federal District:

ARTICLE 2448 D.- **The increase in rent will never be higher than the inflation reported by the Bank of Mexico in the previous year, with respect to the amount agreed upon as monthly rent.**

ARTICLE 2448 F.-

I. to X. ...

A digital registry of leasing contracts, of immediate authorization, will be established by the Government of the Mexico City and for such purposes the lessor must make such registry within a term no longer than 30 days from the execution of the contract.

The registry referred to in the preceding paragraph will be governed in accordance with the criteria of the Law of Transparency, access to public information and accountability of Mexico City, the Law of Protection of Personal Data in Possession of Obligated Parties of the Mexico City and that under no circumstances, except by court order, may it be made public or disclosed.

The public servant or servants in charge of the registry who misuse it, or who do not act with the duty of care necessary to preserve the integrity and disclosure of the data of the individuals, will be sanctioned in accordance with the applicable legal provisions on criminal and administrative matters.

Housing Law for Mexico City:

Article 1. This Law is applicable in the territory of Mexico City, its provisions are of public order and social interest and its purpose is:

I. to XVI. ...

XVII. To guarantee the public production of affordable lease housing for people with lower incomes by the Government of Mexico City.

Article 5. For the purposes of this Law, the following definitions shall apply:

I. to XXXVII. ...

XXXVII Bis. PUBLIC PRODUCTION OF HOUSING FOR LEASE: That which is carried out by the Government of Mexico City with public resources in order to offer access to housing for lease with a criterion of affordability for people with lower incomes.

Article 12. The Ministry, in accordance with its powers, shall be responsible for designing, proposing and contributing to the integration, coordination, analysis and execution of the housing policy. In this sense, it is the responsibility of the Ministry:

I. to V. ...

VI. Promote schemes and propose programs **for the production and promotion of affordable rental housing for people with lower incomes.**

Article 13. The Institute is the main instrument of the government of Mexico City for the protection and realization of the right to housing of the population that, due to their socioeconomic condition or other conditions of vulnerability, require the action of the State to guarantee it, in such a way that in order to comply with this Law it shall have, in addition to the powers included in its decree of creation, the following:

I. To prepare the Institutional Program for Social and Popular Interest Housing in terms of the provisions of the Federal District Development Planning Law, containing at least the following elements: Joint Housing Program, Housing Improvement Program, **Affordable Lease Housing Program for people with lower incomes**, Mortgage Portfolio Rescue, Housing at Risk

Program, Community Program for the Production and Social Management of Habitat, and Housing in Use.

Article 21. The government bodies of Mexico City, in coordination with federal entities, shall promote:

I. a X. ...

X. Bis Encourage and support the public production of affordable lease housing for people with lower incomes.

Article 24.- The agreements and covenants entered into with the social and private sectors may have the following purposes:

I. To provide that a greater number of people have access to housing, establishing mechanisms that guarantee this right, preferably to the population in a situation of poverty, **workers, single mothers and young people between 18 and 35 years of age;**

Article 26.- The housing policy of Mexico City shall be guided by the following principles and general guidelines with the purpose of respecting, protecting, promoting and guaranteeing, under the principle of equality and non-discrimination, the right to adequate housing for all persons living in Mexico City, based on the following principles:

I. a VII. ...

VII Bis. Promote the public production of affordable lease housing for people with lower incomes.

Article 53. The Government of Mexico City, through the Ministry and the Institute, within the Housing Programs, shall promote conditions of equality and equity that guarantee the right to housing to the different sectors of the population in accordance with their socioeconomic, cultural and demographic characteristics, giving priority to the population of low economic resources, **workers, single mothers and young people between 18 and 35 years of age.**

Article 59. The Government of Mexico City, through the Ministry and/or the Institute, shall promote affordable lease housing, by means of schemes and programs aimed at the vulnerable population, in a situation of poverty and lower income, which shall contain as a minimum:

I. a V. ...

Article 60.- The Government of Mexico City, through the Institute, shall promote the public production of **affordable lease** housing for persons of lower income, in addition to proposing to the Ministry of

Finance administrative and/or tax facilities to support the construction of this type of housing in accordance with the Institutional Program.

Article 73. The measures adopted and promoted by the Government of Mexico City shall be oriented to the execution of the Programs contemplated in this Law and shall have as a principle to generate a redistribution of income to guarantee as a priority the realization of this right of the lowest income sectors, workers, single mothers, young people between 18 and 35 years of age and priority attention groups.

Learn more about this Bill in the following [link](#).

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