



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Short-term Letting in the City of Cape Town

Frequently Asked Questions

1. Why is the City making changes to the Rates Policy?

The current Rates Policy already identifies properties that are used for commercial short-term letting as commercial accommodation. This does not apply to people supplementing their income by renting some of their residence for some of the time.

Many commercial short-term letting property owners, however, continue to pay residential rates, while they should be paying commercial rates in the same way as hotels, guesthouses, BnBs, etc. To ensure fairness in the commercial accommodation industry, the proposed changes will improve measures to identify properties that should be paying commercial rather than residential rates.

2. Why should we distinguish between commercial and part-time short-term letting?

Part-time short-term letting takes place in primary residences that are only used partially or occasionally by occupants to earn additional income. For example, someone may rent out a granny flat to supplement their income while living in the main residence, or someone may rent out their whole property when they are away. The City wants to continue to enable to support residents to use their primary residence to earn supplementary income, as long as it remains a primary residence.

Commercial short-term letting properties are primarily used to run a business supplying accommodation to tourists. These properties are not available for residential occupation by residents of Cape Town (unlike long-term rental properties) and are not used as a primary residence. These properties are used similarly to hotels, guesthouses and BnBs, yet often pay residential rather than commercial rates. To ensure fairness in the commercial accommodation industry, the proposed changes will improve measures to identify properties that should be paying commercial rather than residential rates.

3. How will commercial short-term letting properties be defined?

Per the proposed amendments to the City's Rates Policy, properties are considered commercial if they:

- (a) are not primary residences, and used for commercial short-term letting; or
- (b) are primary residences but are used or available to be used for short-term letting for more than 50% of the total annual room nights (see FAQ 5 for how to make this calculation).

Rule of thumb: If you're using most of your property most of the time for short-term letting, you're likely a commercial operator. However, if you're only short-term letting out a portion of your property for parts of the year, you will likely remain residential.

Note: Properties rented out on long-term leases are not considered commercial as the property remains a primary residence for the tenant.

The full definition of commercial accommodation can be found in the draft Rates Policy 2026/27.

4. What does '50% of the total annual room nights' mean?

The 'total annual room nights' of a property is worked out by multiplying the number of bedrooms by 365 days. This shows the maximum number of nights the property could be available for short-term letting in a year if every bedroom was available every night. For example, a one-bedroom apartment has 365 total annual room nights (1×365), while a four-bedroom house has 1 460 total annual room nights (4×365).

A property will be classified as commercial accommodation if it is available for short-term letting for more than 50% of its total annual room nights. This percentage is worked out by adding together the

number of nights each bedroom is listed as available on a booking platform over a year, and then dividing this by the property's total annual room nights.

For example:

A couple lives in their three-bedroom house and rents out one bedroom on a booking platform. The house has 1 095 total annual room nights (3 × 365). One bedroom is available for 365 nights, which means the property is available for short-term letting 33% of the time. Because this is below 50%, the property remains classified as residential.

As a rule of thumb, if the majority of the property is listed as available on a booking platform for the majority of the year, it will be categorised as commercial short-term letting.

Note: In assessing the 50% total annual rooms nights, the City will measure the listing availability on a booking platform rather than the number of nights that a property is booked on a booking platform.

5. Does this apply to me?

Example	Do I exceed the 50% threshold?	How will I be rated?
Not applicable: Primary residences that do <u>some</u> short-term letting		
A couple renting out their two-bedroom apartment for two months a year during December and January (62 nights per room each year)	NO $(2 \times 62) / (2 \times 365) = 17\%$	RESIDENTIAL
A family undertaking short-term letting in their one-bedroom cottage next to their three-bedroom house for the entire year	NO $(1 \times 365) / (4 \times 365) = 25\%$	RESIDENTIAL
A retiree undertaking short-term letting of their spare bedroom in their two-bedroom flat for the entire year	NO $(1 \times 365) / (2 \times 365) = 50\%$	RESIDENTIAL
A couple in a three-bedroom house who live in the property all year round occupying one bedroom. They do short-term letting for the remaining two bedrooms during the peak summer season for 120 nights per room per year	NO $(2 \times 120) / (3 \times 365) = 22\%$	RESIDENTIAL
Primary residences used <u>mostly</u> for short-term letting		
A property owner rents out their one-bedroom apartment on a booking platform for the entire year	YES $(1 \times 365) / (1 \times 365) = 100\%$	COMMERCIAL
A property manager short-term lets five bedrooms in a six-bedroom villa for the entire year	YES $(5 \times 365) / (6 \times 365) = 83\%$	COMMERCIAL
A homeowner lives in their four-bedroom house and short-term lets the remaining three bedrooms for the entire year	YES $(3 \times 365) / (4 \times 365) = 75\%$	COMMERCIAL
Other property uses that are <u>not affected</u> by this change		
An entire home is rented out as a long-term rental for the entire year	NO	RESIDENTIAL

	This house remains a primary residence as the occupant is a long-term tenant.	
A homeowner long-term rents two bedrooms in their three-bedroom house for the entire year	NO This house remains a primary residence as the tenants have long-term leases.	RESIDENTIAL
Hotels, guest houses, BnBs	These properties are already considered commercial and will remain on the commercial rate.	COMMERCIAL

6. How will mixed-use properties (part residential, part short-term letting) be treated?

Freehold properties will be classified in their entirety as either residential or commercial. Where a property is used for both residential and short-term letting purposes (for example, a main house plus a granny flat), the City will apply the total annual room nights calculation across the whole property. If the short-term letting activity exceeds the commercial threshold, the entire property will be categorised as commercial. If it falls below the threshold, the property will remain residential.

Sectional title units will be assessed on a unit-by-unit basis.

7. When will the City change my ratings category?

The City will assess property use on an ongoing basis considering any 365-day rolling period. As soon as a property is found to be listed more than 50% of the time, it will be classified as commercial and the change will be effected in the next supplementary valuation which usually takes place every two months. The ratings change will be effective from the date on which the change of category occurred (i.e., the date on which the 50% threshold was exceeded). This will remain in place until the property's availability falls below 50% within a 365-day period.

8. How will the City know which properties are used for short-term letting?

We will implement a mandatory, simple registration system for all properties listed on an online booking platform, including hotels, guesthouses and BnBs. This will be legislated through the introduction of a Short-Term Letting By-Law later in 2026. Any property listed on a booking platform will have to publicly display their City-issued registration number on their listing. Booking platforms will be obligated to remove any listing that does not display a valid, City-issued registration number.

9. How will the City know how often my property is available for short-term letting?

Platforms will be required to share availability and occupancy data on short-term letting properties registered with the City to provide the necessary data to make an objective assessment of property use. Data sharing does not need to take place for hotels, guesthouses and BnBs as these are already recognised as commercial in the City's rates database.

10. How will the City know which properties are being used commercially?

Platforms will be required to share availability and occupancy data on short-term letting properties registered with the City to provide the necessary data to make an objective assessment of property use. We will monitor short-term letting activity against the threshold for commercial short-term letting activity at all registered properties using data shared by online booking platforms.

11. Will properties be able to de-register?

Yes. If a property is removed from a booking platform, this should be communicated to the City. The listing should be removed from the platform and the registration number disabled by the City. The owner can inform the City via our usual communication channels.

12. What will happen to my tariffs?

There will be no change in the tariffs.

13. Will rates be charged retrospectively?

Updates to the ratings categorisation is only foreseen to take place from 1 July 2027. These changes will be implemented in the first supplementary valuations process when a property exceeds the threshold in any 365-rolling period and will be effective from the date on which the change of category occurred.

14. Will this affect other tax obligations?

All short-term letting owners should be paying tax as required by SARS. This change in ratings categorisation will not have implications for national or any other tax obligations.

15. Will my zoning change?

No, there will be no changes to zoning. The Municipal Planning By-law allows short-term letting and therefore no zoning change is needed.

16. What does this mean for body corporates and homeowners associations (HOAs)?

Body corporates and HOAs will not be affected by the proposed change. They are allowed to set their own rules for short-term letting activity within their buildings, and the City does not regulate this.

17. Does this impact tourism?

The Policy approach is about improved application of the Rates Policy in the tourism accommodation sector. The City's intention is not to restrict or limit short-term letting, but only to ensure fair treatment as it relates to rates. Our official position is to promote tourism and its various enabling actors. Tourism is a major driver of job creation within the Cape Town economy. The City does not support the restriction of short-term letting activity.

18. What are other cities doing to regulate the short-term letting sector?

Several major cities, including Barcelona, Amsterdam, Paris and New York, have imposed caps, limits on nights, or near-bans on short-term letting activity. These measures have been designed to reduce pressure on the housing market but, early evidence indicates significant trade-offs:

- Strict prohibitions risk creating large informal or illegal markets for short-term lets that are harder to monitor and regulate.
- Tourism is a major employer in Cape Town, and a blanket cap or ban would conflict with the City's strategic goal of growing tourism and its enabling sectors.
- Overly restrictive approaches can also penalise genuine home-sharers and small operators who rely on short-term letting income, without effectively targeting large-scale commercial operators.

The City is pursuing a more balanced approach by allowing short-term letting activity but differentiating between commercial short-term letting operations and residential short-term letting activity (primary residences rented occasionally) for the purposes of charging property rates. Under this approach:

- Commercial short-term letting would be recognised as part of the commercial tourist accommodation sector and subject to the same property rating treatment as hotels and guesthouses.
- Residential or occasional short-term letting activity remains permitted in residential properties, recognising that genuine home sharing provides benefits to homeowners and tourists.

19. When will the Short-Term Letting By-law be available for public participation?

The process starts with proposed amendments to the City's existing Rates Policy, which were tabled in Council on 31 March 2026. These amendments form part of the 2026/27 City draft budget process. The amended Rates Policy is available for public comment until 30 April 2026 as part of the broader [City Budget public participation process](#).

Later in the year, the City will release a related draft Short-Term Letting By-law. This will also be available for public participation and will outline all the processes for implementing the proposed amendments in the Rates Policy.

20. When will the policy be implemented?

The updated Rates Policy will be tabled for adoption by Council in May 2026 for implementation from 1 July 2026. The City will enact a grace period for owners to adapt to the new system. It is foreseen that from 1 July 2027, we will begin moving identified properties over to commercial property rates where applicable.