



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Short-term Letting in the City of Cape Town

Frequently Asked Questions

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1. What is the draft Short-Term Letting By-Law?

The draft Short-Term Letting By-law is a new City of Cape Town by-law that aims to create a fair, transparent and effective framework for monitoring and regulating short-term letting accommodation. The primary purpose of the By-law is to build a system to enable the City to ensure that properties that are used primarily as short-term letting accommodation are correctly categorised for municipal property rates purposes, while properties that are mainly used as a primary place of residence continue to be treated as residential properties.

The By-law will establish a registration system for short-term letting properties, clarify the responsibilities of property owners, operators and booking platforms, and enable the City to receive the information needed to determine the appropriate rating category. It also seeks to improve transparency and compliance across the sector while ensuring a level playing field between different types of accommodation providers.

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

Per the City's [Rates Policy \(2026/27\)](#), properties are considered commercial if they:

- (a) are not being used as a primary place of residence and are 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 7 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, your property will likely be categorised as business and commercial property. However, if only a portion of your primary place of residence is being used for short-term letting for parts of the year, the property will likely remain categorised as residential property.

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

The full definition of commercial accommodation can be found in the Rates Policy.

3. What counts as short-term letting (versus medium- or long-term letting)?

Short-term letting is defined as the use of a furnished property, or part thereof, for letting by transient guests on a temporary basis for a fee.

This definition distinguishes short-term letting from medium- or long-term letting where a property is rented, furnished or unfurnished, to a tenant or occupier under a lease or rental agreement for a continuous and extended period as their primary place of residence.

4. Why is the City regulating short-term letting?

Many short-term letting property owners operating commercially continue to pay residential rates rather than the correct commercial rates. This creates an uneven playing field within the accommodation sector.

To ensure fairness in the commercial accommodation sector, the City:

1. Has updated the Rates Policy to improve clarity on which short-term letting properties are considered commercial accommodation;
2. Has developed a draft Short-Term Letting By-Law to enable the City to monitor and regulate all property used for commercial accommodation and enable it to collect the data required to distinguish between properties used primarily as a place of primary residence and those used for commercial accommodation purposes (open for public comment from 5 August 2026 to 5 October 2026);
3. Will build an online system to
 - i. support registration of all accommodation listed on booking platforms; and
 - ii. enable data sharing and enforcement of the by-law provisions.

Commercial rates will not apply to owners who do not surpass the part-time letting threshold or to long-term rentals, as these properties (provided they are used as a primary place of residence), would be considered residential property.

5. What are residential versus business and commercial property rates?

Residential property rates apply to property used primarily as a primary place of residence. When we refer to "part-time short-term letting", we typically mean a primary place of residence that is occasionally used to undertake short-term letting.

Business and commercial property rates apply to property that is primarily used for business or commercial purposes. When we refer to "commercial short-term letting", we mean a property that is primarily used for commercial accommodation.

For more information, see the City's Rates Policy.

6. Why should we distinguish between properties used as commercial accommodation and residential properties that undertake some 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 entire property, which is usually their primary place of residence, only when they are occasionally away. The City wants to continue to enable residents to use their primary residence to earn supplementary income, as long as it remains their primary place of residence.

Commercial short-term letting properties are primarily used to run a business supplying accommodation. These properties are not available for residential occupation (unlike long-term rental properties) and are not used as a primary place of residence. These properties are used similarly to hotels, guesthouses and BnBs, yet often pay residential rather than commercial property 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 property rates.

7. When will the Short-Term Letting By-law come into effect?

The draft Short-Term Letting By-Law is open for public comment from 5 August to 5 October 2026.

Once the public participation period is concluded, the City will update the draft By-Law, as needed, to be tabled for adoption by Council early in 2027. The City will enact a grace period for owners to adapt to the new system. It is foreseen that from 1 July 2027, the City will begin moving identified properties over to commercial property rates where applicable.

8. 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 business and commercial property.

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.

9. Why is the City considering availability rather than actual booked nights?

The City uses availability rather than actual booked nights because availability provides a more appropriate measure of the extent to which a property is being made available for commercial short-term letting. This approach reflects the owner's intention to use the property, or part of it, for commercial accommodation purposes, regardless of whether a booking is ultimately secured.

10. Does the potential rating categorisation change apply to me?

Example	Do I exceed the 50% threshold?	How will I be rated?
Not applicable: Primary place of residence that does <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 $(2 \times 62) \div (2 \times 365) = 17\%$	RESIDENTIAL
A family undertaking short-term letting in their one-bedroom cottage next to their three-bedroom house for the entire year	NO $(1 \times 365) \div (4 \times 365) = 25\%$	RESIDENTIAL
A retiree undertaking short-term letting of their spare bedroom in their two-bedroom flat for the entire year	NO $(1 \times 365) \div (2 \times 365) = 50\%$	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 $(2 \times 120) \div (3 \times 365) = 22\%$	RESIDENTIAL
Primary place of residence 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 $(1 \times 365) \div (1 \times 365) = 100\%$	COMMERCIAL
A property manager short-term lets five bedrooms in a six-bedroom villa for the entire year	YES $(5 \times 365) \div (6 \times 365) = 83\%$	COMMERCIAL
A homeowner lives in their four-bedroom house and short-term lets the remaining three bedrooms for the entire year	YES $(3 \times 365) \div (4 \times 365) = 75\%$	COMMERCIAL
Other property uses that are <u>not affected</u> by this change		
An entire home is rented out as a long-term rental.	NO This house remains a primary place of residence as the occupant is a long-term tenant.	RESIDENTIAL
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 business and commercial rate.	COMMERCIAL

11. When will the City change my property rating 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 over 365 days, 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 change in property rating category will be effective from the date on which the change 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.

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

The City will introduce a mandatory, simple registration system for all properties listed on a booking platform, including hotels, guesthouses and BnBs. This will be enabled through the proposed Short-Term Letting By-law.

Under the proposed By-law, any property advertised on a booking platform, including houses, apartments, guesthouses, B&Bs and hotels, will be required to obtain a City-issued short-term letting registration number. This registration number must be displayed on all listings contained on booking platforms. Booking platforms will be required to remove listings that do not display a valid registration number.

Registration is a key component of the City's approach because it will provide a reliable and up-to-date record of properties listed on booking platforms and participating in the short-term letting market. This will support fair and consistent regulation of the sector and enable the City to correctly categorise properties for property rates purposes.

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

Booking platforms will be required to facilitate the sharing of availability and occupancy data with the City for registered short-term letting properties to enable an objective assessment of property use. While hotels, guesthouses and BnBs must be registered with the City and must display an STL registration number on their listing, data sharing does not need to take place for these properties as they are already recognised as business and commercial property in the City's rates database.

14. 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. The City will monitor short-term letting activity against the threshold for commercial short-term letting (see FAQ 7) activity at all registered properties using data shared by online booking platforms.

15. Who will be required to register?

All properties listed on a booking platform must be registered. This includes apartments, houses, hotels, guesthouses, BnBs, etc.

16. 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 booking platform and the registration number disabled by the City. The owner can inform the City via our usual communication channels.

17. What will happen to my tariffs?

There will be no change in the service tariffs.

18. Will rates be charged retrospectively?

Updates to the property rating 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-day rolling period and will be effective from the date on which the change occurred.

19. Will this affect other tax obligations?

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

20. 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.

21. 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.

22. Does this impact tourism?

The City's intention is not to restrict or limit short-term letting, but only to ensure fair treatment as it relates to property 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.

23. 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 place of residence that is rented occasionally) for the purposes of levying property rates. Under this approach:

- Commercial short-term letting would be recognised as part of the commercial 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 property used as a primary place of residence, recognising that genuine home sharing provides benefits to homeowners and tourists.