



Communicare

5 October 2026

City Of Cape Town
Civic Centre
12 Hertzog Boulevard
Cape Town 8001

Dear Sir / Madam,

PROPOSED CHANGES TO THE DRAFT CITY OF CAPE TOWN SHORT-TERM LETTING BY-LAW (2026)

We welcome the introduction of the Short-Term Letting By-law (Draft By-Law) and support the objectives underlying the Draft By-law. In particular, we support the Draft By-law's measures to strengthen registration, transparency, data collection, platform accountability and enforcement which enable properties operated predominantly as commercial short-term letting (STL) businesses to be appropriately identified for property-rating purposes. However, the Draft By-Law falls short in its aims and measures.

Our concern is that the Draft By-law is currently framed primarily as a mechanism for identifying commercial STL for rating purposes, without making sufficient provision for the wider housing implications of short-term letting.

STL is not only a rates or tourism issue. In a city experiencing significant housing affordability and rental-supply pressures, the conversion of residential properties into tourist accommodation can affect the availability of homes for permanent residents. The Draft By-law therefore presents an important opportunity for the City to establish a more comprehensive regulatory framework that protects legitimate home-sharing and tourism while preventing the excessive commercialisation of residential housing and displacement of long-term residents in Cape Town.

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1. THE BY-LAW SHOULD SUPPORT THE CITY'S HUMAN SETTLEMENTS OBJECTIVES

The City's Human Settlements Strategy (2023) already recognises that short-term rental platforms can influence rental opportunities in Cape Town. It states that, "The City will consider responses to phenomena that influence rental opportunities within Cape Town at higher income levels, such as short-term rental platforms like Air BnB and Safari Now." It further states, "The City will work with short-term rental platforms to institute a policy response to short-term renting which creates broad benefit within the housing system."

This provides an important policy basis for a broader approach to STL regulation. The Draft By-law proposes a registration and information system capable of generating information that could assist the City in implementing these existing policy commitments. The By-law should therefore take into account the City's Human Settlements Strategy and should not operate solely as a rates measure. It should form part of a broader framework for ensuring that tourism and STL do not progressively reduce the supply of homes available to people who live and work in Cape Town.

2. THE BY-LAW SHOULD DISTINGUISH BETWEEN DIFFERENT TYPES OF STL ACCORDING TO THEIR HOUSING IMPACT

Section 1 of the Draft By-law defines Short-Term Letting broadly as the "use of a furnished property, or part thereof, for letting by transient guests on a temporary basis for a fee." While this broad definition is understandable, the regulatory framework should recognise that STL occurs in materially different circumstances.

We suggest distinguishing between:

- **Genuine home-sharing:** A resident lets a room or part of their home while continuing to live there.
- **Occasional whole-home letting:** A resident occasionally lets their primary residence while temporarily away.
- **Non-primary-residence STL:** A property that is not the operator's genuine primary residence and is used for short-term tourist accommodation.
- **Predominantly commercial STL:** A property operated primarily as tourist accommodation or as part of a wider commercial accommodation business.

These categories should not automatically be treated identically. Genuine home-sharing and occasional letting can provide supplementary income without necessarily removing an entire dwelling from the long-term housing market. By contrast, a non-primary residence used predominantly for short-term accommodation may have a greater impact on residential housing availability and neighbourhood character.

The regulatory principle should therefore be that the greater the extent to which a property is removed from the permanent residential housing market, the greater the regulatory obligation should be.

We suggest a graduated regulatory framework as follows:

2.1 Primary residences

We suggest that Primary residences should receive the lightest regulatory treatment where the owner or resident genuinely lives at the property. Requirements could focus on, amongst others, registration, occupancy limits and verification that the property remains genuinely owner-occupied.

2.2 Non-primary residences with limited STL use

Non-primary residences should receive greater scrutiny. The City could consider annual limits on STL nights i.e. a cap on the maximum STL nights per year; and amongst other regulatory controls, the City could enforce differentiated levies, additional limits in areas experiencing significant housing pressure and periodic verification of the property's actual use.

2.3 Commercialised non-primary residences

The strongest regulation should apply where a non-primary residence is effectively operated as a full-time short-term accommodation business. These properties should be subject to the highest level of regulatory requirements, including appropriate commercial rates, accommodation levies where legally permissible, stronger planning requirements and additional restrictions in designated housing-pressure areas.

Additional accommodation levies and commercial rates could also provide a mechanism through which intensive commercial accommodation contributes to the costs associated with managing its broader impacts. Where permissible, the City should investigate whether a defined and transparently reported portion of STL-related revenue can support housing-related measures.

International approaches may provide useful reference points for regulatory controls in short-term letting. For example, London permits short-term letting of residential property on AirBnB for up to 90 nights in a calendar year without planning permission, with planning permission generally

required beyond that threshold. Non-compliance may result in penalties or in some circumstances, the closure of the short-term letting operation. Any restrictions for Cape Town, however, should be evidence-based and proportionate with consideration given to areas where there is significant housing pressure.

The purpose of these categories and resulting regulatory controls is not to create another mechanism for determining whether a property should be classified for residential or commercial rates purposes, as the Draft By-law currently proposes. Rather, they should enable the City to distinguish between different levels of impact on residential housing and apply proportionate regulatory requirements accordingly. This would allow legitimate tourism and resident home-sharing to continue while providing the City with tools to protect the availability of housing for permanent residents.

3. SECTION 7 SHOULD ENABLE THE CITY TO MONITOR THE HOUSING IMPACT OF STL

Section 7: “*data- sharing and monitoring*” of the Draft By-law identifies the purpose of compiling and analysing data to support regulatory oversight, municipal planning and monitoring compliance with the By-law. This provides an important foundation for a broader housing response.

We suggest that the registration system should, at minimum, enable the City to monitor and assess:

- the number and location of STL properties,
- whether each listing is a primary or non-primary residence,
- whether the listing concerns an entire dwelling or only part of a dwelling,
- the number of days properties are available for STL,
- the concentration of STL within particular buildings and neighbourhoods
- changes in STL concentration over time, and
- the relationship between STL concentration and indicators of housing pressure.

This information should be capable of being analysed alongside:

- long-term rental availability,
- rental affordability and rental growth,
- residential occupancy,

- the concentration of entire homes being used for tourism, and
- other evidence of displacement or housing pressure

The purpose should not be to assume that STL causes every increase in rental prices or every instance of displacement. The City should be able to identify patterns, investigate them and develop evidence-based measures.

The regulatory framework should therefore allow the City to assess both whether an individual property is being operated commercially and how STL is affecting the residential housing stock at building, neighbourhood and city-wide levels.

4. THE 50% THRESHOLD SHOULD BE DISTINGUISHED FROM HOUSING-IMPACT ASSESSMENT

Section 8(3) of the Draft by-law provides that properties exceeding the 50% total annual room-nights threshold will be regarded as commercial property for rates purposes. We recognise that this threshold serves a specific administrative purpose: determining whether an individual property should be classified as Business and Commercial for property-rating purposes.

However, rates classification and assessing the housing impact of STL are different exercises. A property that falls below the 50% threshold may remain residential for rates purposes while still contributing to a wider concentration of STL in a neighbourhood. Conversely, a property exceeding the threshold may appropriately be classified as commercial for rates purposes, but that classification alone does not establish that it has caused housing displacement.

The City should therefore retain the 50% threshold for rates classification while using registration and availability data to monitor STL at property, building and neighbourhood levels. This information should be assessed alongside relevant housing-market indicators to identify areas experiencing significant housing pressure.

5. PROPORTIONATE MEASURES WHERE SIGNIFICANT HOUSING PRESSURE IS DEMONSTRATED

Where monitoring demonstrates that the concentration or intensity of STL is contributing to significant housing pressure in a particular area, the City should have the ability to consider proportionate measures to protect the availability of residential housing.

We suggest the following measures:

5.1 Restrictions on new non-primary-residence STL

Restricting or limiting new registrations for non-primary-residence STL in areas experiencing significant housing pressure, while continuing to permit genuine home-sharing and primary-residence STL. The measure would therefore target further conversion of residential housing rather than restricting residents who use their home to generate supplementary income.

International examples demonstrate that STL regulation can take account of geographical differences. Amsterdam, for example, generally limits holiday letting to 30 nights per calendar year, while applying a stricter 15-night limit in certain neighbourhoods. This example demonstrates that STL controls can be differentiated geographically and adjusted where particular areas experience greater housing or residential pressure.

5.2 Limits on whole-home STL

The City could consider annual limits on the number of nights that an entire residential dwelling may be used for STL. Such limits could distinguish occasional letting from properties operated substantially as tourist accommodation and could reduce the extent to which residential homes are removed from the long-term housing market.

5.3 Building-level limits

The city could consider limits on the proportion of residential units within particular apartment buildings or developments that may operate primarily as STL where excessive concentration is demonstrated.

A high concentration of STL can change the character and function of a residential building by increasing visitor turnover and reducing the proportion of units occupied by permanent residents. Building-level limits would therefore help preserve the residential character of buildings and stable residential communities, while still allowing individual residents to participate in legitimate home-sharing.

6. COMMERCIAL RATES AND PENALTIES SHOULD BE CONSIDERED WITHIN THE WIDER HOUSING SYSTEM

The Draft By-law creates an opportunity to consider how additional revenue associated with commercial STL relates to the City's wider housing objectives. The City's 2026/27 Rates Policy

provides for Business and Commercial properties to be rated at a ratio of 1:2.41 relative to the residential base rate.

Where additional rates revenue results from residential properties being classified as commercial STL, the City should investigate whether a portion of that additional revenue can be transparently reported and directed towards housing-related purposes. The same principle could be considered in relation to STL-related fines and penalties.

In areas experiencing significant housing pressure, such revenue could support measures aimed at protecting and increasing the availability of housing for permanent residents, including affordable and social rental housing, preservation of existing residential stock, housing research and monitoring, and enforcement of measures designed to prevent excessive conversion of residential properties into commercial tourist accommodation.

This would create a clearer connection between the regulation of intensive commercial STL and the City's broader housing objectives. It would recognise that where commercial use of residential property generates additional municipal revenue - that revenue could potentially contribute to addressing some of the housing pressures that the regulatory framework is intended to monitor and manage.

CONCLUSION

We recognise that the Draft By-law provides an important opportunity to establish a more comprehensive and evidence-based framework for short-term letting in Cape Town. We submit that the Draft by-law should recognise that short-term letting can affect the availability of residential housing, particularly where non-primary residences are operated intensively as commercial tourist accommodation.

We therefore recommend that the City distinguish genuine home-sharing from commercialised STL, strengthen the housing-related information collected through registration, monitor STL concentration alongside housing indicators and provide for proportionate measures where significant housing pressure is demonstrated.

This approach would allow Cape Town to support legitimate tourism and supplementary household income while protecting the availability of homes for permanent residents. It would also take into account the City's existing Human Settlements objectives and provide a clearer basis for evidence-based measures where short-term letting contributes to residential housing pressure.