

Have your Say – The City of Cape Town’s Proposed Short-Term Letting By-Law is Open for Comment

By Ané de Klerk

The City of Cape Town has made its draft Short-Term Letting By-Law available for public comment and you have until **5 October 2026** to give your input. The key objective of this draft By-Law is to clarify under what circumstances those using their property for short-term rentals will be liable for commercial property rates.

How does the City intend to do this?

1. by requiring registration of short-term rental properties;
2. by issuing a unique registration number to each short-term rental property, which number is to be displayed when advertising the property for rental; and
3. by utilising direct information-sharing from online booking platforms such as Airbnb: Booking.com and Lekkeslaap.

When will an owner be liable for commercial property rates?

- If the property is not used as anyone’s primary residence, but exclusively let for short-term stays instead; ors
- If the property is someone’s primary residence but is also available for short-term letting for more than 50% of its total annual room-night capacity.

How does one calculate that?

A property’s total annual room nights are calculated by multiplying the property’s total number of bedrooms by 365 days.

Therefore, different apartments’ annual room nights will differ as follows:

- One bedroom apartment: $1 \times 365 = 365$

- Two bedroom apartment: $2 \times 365 = 730$
- Three bedroom apartment: $3 \times 365 = 1095$

If the entire apartment is available for short term rental for more than half the year, the percentage will always be more than 50%:

For example:

Entire one bedroom apartment: $(183 \text{ days divided by } 365) \times 100 = 50.14\%$

Entire two bedroom apartment: $[(183 \text{ days} \times 2 \text{ bedrooms}) \text{ divided by } 730] \times 100 = 50.14\%$

This means that, if an entire property is available for short term rental, the commercial rates threshold will not be crossed if the property is only available to let for 182 days or less per year.

When only part of a property is available for short term rental, the threshold will not be reached so easily.

For example:

If only one bedroom in a three bedroom apartment is used for short term letting, that apartment would not cross the commercial use threshold even if it advertises or otherwise makes available the room for short term rental for the entire year:

$(365 \text{ days} \times 1 \text{ bedroom}) \text{ divided by } 1095 = 33.33\%$

In short, if the majority of the property is available for short term letting for most of the year, the commercial rates will likely apply.

Important to note:

- It is the availability of the property, rather than the booking and/or use thereof that is relevant. So the City will look at how many days a property is listed/advertised for, rather than the bookings made and/or days the property is actually used for short-term letting purposes.
- Properties being leased to serve as a lessee's primary residence for a long term (for example a year) will not be liable for the commercial rates.
- Your neighbour's rate will not affect yours. For example, if you live in a sectional title scheme, the unit next to yours may be liable for commercial property rates based on their decision to advertise their property for short term rental for the majority of the year, but if you continue to use yours as your primary residence, your rates will remain unaffected.
- A property can be de-registered as commercial if it is removed from booking platforms or the property's availability falls below 50% of the 365-day rolling period. In such cases, the City of Cape Town must be informed to enable it to make the necessary adjustments.
- The application of commercial rates does not affect the zoning of these properties.

When will the commercial rates kick-in?

It is estimated that the change will likely take effect from 1 July 2027. The new rates will then be

implemented in the first supplementary valuations process when a property exceeds the 50% threshold in any 365-day rolling period and will be effective from the date on which the change of category occurred.

You can access the draft By-Law here: [Draft Short-Term Letting By-Law](#) and submit your comments via email to STL@capetown.gov.za or online, here: [Comment on the City's draft Short-Term Letting By-law](#)

Considering renting your unit on a short-term letting basis and would like our team to assist you? Reach out to us at info@theadvisory.co.za for an obligation-free quotation for help from our legal experts.