

## *Managing property properly*

### **SHORT TERM RENTALS**

In the current tough economic climate, many South Africans are looking for ways to supplement their income, and opportunities offered by global accommodation rentals website Airbnb are being seized by homeowners around the country.

Constas says investors who buy properties in residential blocks, and then rent these out on a short-term basis - whether through Airbnb or other channels - are jeopardising the reputations, property values and security in sectional title developments.

Specialist sectional title attorney Marina Constas says, however, that the Airbnb trend and short-term holiday rentals in residential complexes are bad news for sectional title homeowners - and for sectional title complexes.

Constas says investors who buy properties in residential blocks, and then rent these out on a short-term basis - whether through Airbnb or other channels - are jeopardising the reputations, property values and security in sectional title developments, including premier residential complexes in coastal towns and cities, where there is a burgeoning demand for secure, affordable, self-catering holiday accommodation.

“This is becoming a growing problem in Cape Town, particularly on the Atlantic Seaboard,” she says.

“While holidaymakers may be delighted to find a place to rent for a week in a ‘quiet, sea-facing complex with parking and 24-hour security’, the unfortunate permanent residents living there are faced with a constant barrage of unknown people coming and going - and the associated problems and risks.”

Constas, who is a director of BBM Attorneys and author of the best-selling book ‘Demistifying Sectional Title’, says there is an example of this in a recent case, where residents in an upmarket Cape Town block of flats suddenly noticed many strange faces in the foyer and suitcases in corridors.

“They learned that the numerous new ‘residents’ were holidaymakers. A fellow owner had purchased additional units in the development and started a short-term letting business,” she says.

“Besides the problem of the building being overcrowded with holidaymakers during the summer season, the visitors were compromising the security of the complex since, with all the strangers walking around, a gap was created for opportunistic criminals to simply also stroll in past security, undetected.”

While short-term rentals can cause big problems in sectional title developments, Constas says there is a solution for sectional title homeowners and trustees.

To protect their complex's reputation, maintain the security and preserve property values, she says sectional title trustees must ensure that the development's conduct rules prohibit short-term letting.

"Where conduct rules need to be amended to put in a clause prohibiting letting for less than six months, for example, this can be done by way a special resolution," she says.

"In my view, this is patently reasonable, which is what the Sectional Titles Act requires. It stipulates that rules must be reasonable and equally applied to all owners.

Constas says short-term rentals are not in the spirit of the Sectional Titles Act - the Act states in its provisions that owners need to guard the reputation of the building.

"Trustees have a fiduciary duty to do so, and they can take control - if they choose to - in order to meet this duty and protect their building," she says.

### ***Footnote from Compeg:***

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