

Airbnb an opportunity for poor communities in Cape Town

By  Alan Knott-Craig

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Cities around the world are struggling to tackle the onslaught of technology. Accommodation is a big sector. Hotels contribute a significant amount towards municipality revenues in the form of special taxes and rates, i.e. bed tax. These industry players are being threatened by the likes of Airbnb which is flooding the with thousands of extra “beds”, with no direct tax payable to the municipality, and threatening the incumbent hotel players.



[Image Source: Travelstart - Lungi's B&B in Khayelitsha](#)

Cities like Berlin and New York have responded by either banning Airbnb or capping the number of rooms that can be made available. This seems to be an old-school approach. Command and control.

You can't command the internet. It's better to shape the energy and opportunities presented by companies such as Airbnb.

The City of Cape Town will soon be faced with a dilemma of letting residents load their spare rooms on Airbnb, or conceding to hotel demands for a cap of beds or scrapping of bed taxes.

An Airbnb model for emerging markets

Instead of following the Berlin model of killing Airbnb, Cape Town can try something different. Rather request Airbnb to list three rooms in a poor community, Khayelitsha for example, for every one room listed in a wealthy suburb such as Sea Point.

What this does is force an American company to assist the City is tackling a massive social problem - housing.

Migrants from rural communities continue to flock to the metros for economic opportunity, but there are no efficient means for respectable landlords and tenants to find one another. Airbnb has solved that problem using the internet and reputation ratings.

If Cape Town can use Airbnb to tackle housing shortages in poor communities and provide residents with additional rental income whilst increasing the availability of tourist accommodation, it will have created a model that Airbnb can replicate in emerging markets across the world.

It's a win-win.

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Alan Knott-Craig is a South African entrepreneur and author. He is the founder of Project Isizwe as well as executive chairman of Hero Telecoms, Ever Africa, and Happimo NPC.
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