



California's Anti-Price Gouging Statute During a State of Emergency



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Bonus: Anti Price Gouging Statute Penal Code 396

- ▶ Criminal Statute That Prevents People from Increasing Prices of Consumer Goods and Services During a State of Emergency.



Landlord Tenant: Price Gouging and States of Emergency

- ▶ **Price-Gouging Protections Expanded**
 - ▶ Penal Code 396 prevents individuals and organizations from capitalizing on the misfortunes of a state of emergency by raising the price of essential consumer goods, including rental housing.
 - ▶ The law generally limits the maximum rental increase to which a landlord can raise rent (10% when a state of emergency is declared).



Landlord Tenant: Price Gouging and States of Emergency

- ▶ **Price Gouging Protections Expanded**
 - ▶ The Prior Penal Code 396 only effected rental units offered for rent or currently rented.
 - ▶ The updated Penal Code 396 expands protections to housing units not on the market at the time the state of emergency is in effect.
 - ▶ Also, eviction protections are incorporated into the new penal code to prohibit eviction of tenants for the sole purpose of offering units to new tenants for prices higher than permitted under the statute.



Landlord-Tenant: Price Gouging and States of Emergency

- ▶ **How Price Is Determined on Unrented Unit at Time of Emergency**
 - ▶ If unit is rented within one year prior to emergency, the most recent rent within the year before the emergency.
 - ▶ For units not rented one year prior to emergency, 160% of Fair Market Rent established by the U.S. Department of Housing and Urban Development.



Landlord Tenant: Price Gouging and States of Emergency

- ▶ **How Price Is Determined on Unrented Unit at Time of Emergency**
 - ▶ If unit is rented or advertised for rent within one year prior to emergency, the most recent rent or advertised rent within the year before the emergency.
 - ▶ Landlords who rented unfurnished units that are now rented furnished may increase the rent 5%.
 - ▶ No adjustment is allowed to the prior rent charged for any other good or service, including but not limited to gardening or utilities currently or formerly provided in connection with the lease.



Landlord Tenant: Price Gouging and States of Emergency

- ▶ How Price Is Determined on Unrented Unit at Time of Emergency
 - ▶ For units not rented one year prior to emergency, landlords may charge 160% of fair market rent established by the U.S. Department of Housing and Urban Development.
 - ▶ Landlords may increase the rent by 5% of the FMV established by HUD if the unit is fully furnished.



Landlord Tenant: Price Gouging and States of Emergency

- ▶ **How Long Do Penal 396 Restrictions Last?**
 - ▶ Generally, the length of time that the state of emergency is declared by proclamation, plus any extensions
 - ▶ Restrictions last 30 days after state of emergency or extensions expire.



Landlord Tenant: Price Gouging and States of Emergency

- ▶ Major Exceptions for Repairs beyond Normal Maintenance or for Increases Issued before Emergency
 - ▶ A greater rental price increase is not unlawful if that person can prove that the increase is directly attributable to additional costs for repairs or additions beyond normal maintenance that were amortized over the rental term that caused the rent to be increased greater than 10% or that an increase was contractually agreed to by the tenant prior to the proclamation or declaration.



Landlord Tenant: Price Gouging and States of Emergency

- ▶ **Penalties for Violations**
 - ▶ Criminal penalties up to \$10,000 in fines and up to one year in jail (misdemeanor)
 - ▶ Civil penalties under the Unfair Business Practices Act under Business and Professions Code 17200





Any Questions?
Please Call the Office at (707) 653-5187