

RENTAL HOUSING ANTI-PRICE GOUGING FAQ

Many homeowners and tenants displaced by devastating wildfires in Los Angeles and Ventura Counties urgently need housing. At all times, but especially in these challenging circumstances, real estate professionals have a responsibility to ensure rental prices remain fair and compliant with California's anti-price gouging laws. It is crucial for all parties to understand the [applicable laws and regulations](#)¹ to avoid a violation.

THE BASICS

What is California's anti-price gouging law?

California's anti-price gouging law ([Penal Code Section 396](#))² prohibits advertising, offering, or charging prices that exceed a 10% increase during a declared state of emergency. These protections are also applicable to items such as food, gas and medical supplies.

When does the law apply?

The law activates when the President, Governor, or city or county authorities declare a state of emergency.

Which areas are impacted by the anti-price gouging law?

Check the [Governor's Office of Emergency Services site](#)³ and local jurisdictions for counties currently under price gouging protections. Protections also extend to adjacent communities when impacted residents seek services in those areas.

How long do the restrictions of the anti-price gouging law stay in effect?

The statute generally applies for 30 days after a declaration of emergency. However, state and local officials have the authority to extend the effective period of the declaration beyond 30 days.

How is housing defined?

"Housing" means any rental housing with an initial lease term of no longer than one year, including but not limited to, a space rented in a mobile home park or campground.

How is housing defined?

As of February 4, "housing" includes any rental housing regardless of length, even if the initial lease term exceeds 12 months.

FIRE-IMPACTED RENTALS

What happens if a property is destroyed or partially damaged?

- **Fully Destroyed:** The lease is automatically terminated unless otherwise agreed.
- **Partially Destroyed:** The C.A.R. "Residential Lease or Month-to-Month Rental Agreement" (C.A.R. Form RLMM) allows either the landlord or the tenant to terminate upon notice. Otherwise, tenants may be able to terminate the lease by notice if the damaged portion significantly affects their ability to use the property.

Can a landlord collect further rent after the lease or rental agreement is terminated due to destruction of the premises?

No. Once terminated, future rent obligations cease. However, a tenant may still owe back rent.

COMMON QUESTIONS FROM LANDLORDS & PROPERTY MANAGERS

How does the law apply to rental housing?

- **Existing rentals:** Rent cannot increase by more than 10% compared to pre-emergency levels.
- **Not currently rented but rented or offered for rent within the year preceding the state of emergency:** Rent cannot be increased by more than 10% beyond the most recent price offered before the declaration of emergency.
- **New rentals where the property was neither rented nor offered for rent within the year preceding the state of emergency:** Prices cannot exceed 160% of the [U.S. Department of Housing and Urban Development](#)⁴ (HUD) Fair Market Rents (FMR) for the area.

¹ <https://oag.ca.gov/consumers/pricegougingduringdisasters>

² https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=PEN§ionNum=396

³ <https://www.caloes.ca.gov/office-of-the-director/policy-administration/legal-affairs/price-gouging/>

⁴ <https://www.huduser.gov/portal/datasets/fmr.html>



Are short-term rentals subject to the same laws?

Yes. Following an emergency declaration, daily rentals cannot increase by more than 10%.

What if a tenant moved out before the declaration?

The law applies to any rental property that was rented or offered for rent within one year prior to the emergency declaration.

Does the law apply to commercial rentals, too?

No. The law only applies to residential properties, not commercial ones.

Do the anti-price gouging laws only apply to Los Angeles and Ventura Counties?

No. Neighboring counties and communities may also be included, as the law is intended to protect consumers wherever increased demand results from an emergency.

Are there any regional exemptions in high-cost markets?

Yes, as of February 4, there is a special exception in [certain zip codes only](#)⁶. The price gouging law has been suspended in those zip codes if the property is: 1) a single-family home of four bedrooms or more, 2) has neither been rented nor offered for rent within one year prior to January 7, and 3) the HUD FMR for a four-bedroom unit is or exceeds \$5,500. LA County housing providers must follow the LA local price gouging ordinance until July 31, 2025, with possible extensions thereafter.

If a prospective tenant volunteers to pay more rent, can the lessor accept larger offers than advertised?

No. The law prohibits accepting offers that exceed the allowable increases, regardless of tenant willingness. Protections under the law cannot be waived.

Can I charge more for furnished apartments?

If a previously unfurnished rental is now fully furnished, an additional 5% can be added to the allowable rent. However, this adjustment cannot include charges for other goods or services such as gardening or utilities.

Can tenants pay advance rent?

For leases longer than six months, landlords may accept advance payments for six months or more. However, the total rent must still comply with anti-price gouging limits and cannot exceed the allowable amounts.

PRICE GOUGING REPORTING & VIOLATIONS

Where can I report suspected price gouging?

- **Online:** File a complaint with the [California Attorney General](#)⁷. Los Angeles County residents can also file through the [LA County Consumer & Business Affairs](#)⁸.
- **By Phone:** Call 3-1-1 or (800) 593-8222 for local assistance. Call (800) 952-5225 for the CA Attorney General's Office.

What are the consequences for people found violating anti-price gouging laws?

Anyone found in violation of the price gouging statute is subject to criminal prosecution that can result in a one-year imprisonment and/or a fine of up to \$10,000. Violators are also subject to civil enforcement actions including civil penalties of up to \$2,500 per violation and mandatory restitution.

Additionally, REALTORS® should be aware the Department of Real Estate has stated that it will diligently investigate complaints of unlawful price gouging related to rental housing by licensees and will take appropriate disciplinary action if the evidence warrants.

Where can I find more information on consumer price gouging protections?

The California Attorney General also issued a [Consumer Alert](#)⁹ and an [FAQ on price gouging](#)¹⁰.

C.A.R. has also created the following resources to help address price gouging:

- [Landlord Tenant: Price Gouging and Eviction During a Declared Emergency](#)¹¹
- [Quick Guide: Rent Increases](#)¹²

For additional questions, contact the C.A.R. Legal Hotline at (213) 739-8282.

⁶ <https://www.car.org/aboutus/mediacenter/news/13monthpricegouging>

⁷ <https://oag.ca.gov/contact/consumer-complaint-against-business-or-company>

⁸ <https://dcba.3diengage.com/>

⁹ <https://oag.ca.gov/news/press-releases/attorney-general-bonta-issues-consumer-alert-price-gouging-following-state-13>

¹⁰ <https://oag.ca.gov/consumers/pricegougingduringdisasters>

¹¹ <https://www.car.org/riskmanagement/Recent-Legal-Developments/Legal-News/Realegal-October-19-2018---Landlord-Tenant-Price-Gouging-and-Eviction-During-a-Declared-Emergency>

¹² <https://www.car.org/-/media/CAR/Documents/Transaction-Center/PDF/QUICK-GUIDES/Quick-Guide--Rent-Increases-REVISED-061324.pdf>