



Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R25-0014
Jan 22, 2025

**REPORT RE:
PRICE GOUGING**

The Honorable Housing and Homelessness Committee
of the Los Angeles City Council
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

The Los Angeles City Attorney's Office provides this public report to update you on the status of our efforts to enforce state price gouging laws.

On January 7, 2025, following the onset of multiple fires in Los Angeles County, Governor Gavin Newsom declared a State of Emergency. This declaration triggered the provisions of California Penal Code Section 396, which prohibits price gouging for various goods and services, including hotel/motel accommodations and housing rentals, during a state of emergency.

Under Penal Code Section 396(e), it is unlawful after the declaration of a State of Emergency "for any person, business, or other entity, to increase the rental price . . . advertised, offered, **or charged** [emphasis added] for housing, to an existing or prospective tenant, by more than 10 percent" above the rate offered before the declaration of the State of Emergency, subject to limited exceptions. By Executive Order N-9-25, issued on January 16, 2025, Governor Newsom extended, to March 7, 2025, the time period during which the provisions of Penal Code Section 396(e) are in effect.

Violations of Penal Code Section 396 may result in misdemeanor prosecution, punishable by up to one year in jail and/or a fine of up to \$10,000. (Pen. Code. Section 396(h).) Additionally, such price gouging practices constitute violations of California's

Unfair Competition Law (Business & Professions Code section 17200 et seq.), empowering the City Attorney to bring civil law enforcement actions to enjoin unlawful business practices, assess monetary penalties of up to \$2,500 per violation, and provide restitution to victims.

Potential liability under Penal Code Section 395(e) is not limited to property owners, but extends to “any person, business, or other entity [that] increase[s] the rental price . . . advertised, offered, or charged for housing.”

Our Office is receiving reports of potential violations through the City’s 311 system, as well as through dedicated telephone and e-mail hotlines that our Office established. On or about January 22, 2024, our Office’s telephone and e-mail hotlines will direct to the City’s forthcoming 311 price gouging public intake form in order to maintain one dedicated source of public communication.

Our Office also has access to the crowdsourced list created by Strategic Actions for a Just Economy. If a community member has logged a report through the crowdsourced list, there is no need to submit a new report to the City’s 311 system.

Through all of these sources, we are in receipt of more than 700 reports of price gouging violations. We have a dedicated team in place to investigate these reports and have partnered with the California Department of Justice to ensure that we are maximizing the resources, speed and efficiency of our response.

As of the time of this writing, we have mailed approximately 40 written notices of potential violations to landlords and listing agencies demanding (1) immediate compliance with Penal Code Section 396, (2) the amendment of any lease or rental agreement to reduce the rent (and any excess deposit demanded as a result of the unlawful rental rate) to a lawful amount, (3) a refund of all unlawfully charged amounts plus interest, and (4) a response to our Office within five days confirming compliance with our demand plus supporting documentation substantiating such compliance. If the landlord or agent believes no laws have been violated, they are also invited to explain the basis for their belief and to provide supporting documentation.

We anticipate sending hundreds more cease and desist letters.

In addition, a number of reports of violations were directed to the Office’s Criminal Branch for review and coordination with our criminal law enforcement partners. We also have attorneys reviewing reports for potential civil litigation, which would seek injunctive relief and penalties under the Unfair Competition Law described above.

We are in contact with and are collaborating and coordinating our enforcement efforts with the Federal Trade Commission, US Attorney’s Office, California Attorney General, the Los Angeles District Attorney, the Los Angeles County Department of

Consumer and Business Affairs, and with other law enforcement partners. As of January 22, 2024, we will have a table and staff at the FEMA Disaster Recovery Center (DRC) located at 10850 West Pico Boulevard in West Los Angeles to help the public with law enforcement issues arising out of the fires including price gouging and tickets issued.

Given the law enforcement nature of this work, we are unable to provide additional details at this time. Please rest assured, however, that the Los Angeles City Attorney's Office is committed to vigorously enforcing the laws prohibiting price gouging.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By 

MICHAEL J. BOSTROM
Senior Assistant City Attorney

MJB:dm