

California Penal Code 396 & Price Gouging During Disaster Emergencies

What Landlords Need to Know

Under California Penal Code Section 396, for the following 30-day period after a disaster has been declared, **it is unlawful for a person to sell or offer a variety of consumer items – including rental housing – for a price more than 10 percent above the price charged immediately prior to the declaration.**

If You Use A Revenue Management System

There is concern for those companies that use revenue management systems that automatically adjust rents (similar to those used in the hotel industry). If you use management software that has an integrated revenue function, you should either monitor it very closely or manually turn off that function for the next 30 days. (See *California Penal Code 396 (b)*)

Contractors Hired for Cleanup, Repair or Reconstruction

For the next 180 days, if you hire a contractor to provide emergency cleanup, repair, or reconstruction services, their prices cannot exceed 10 percent of what they would have charged previous to the emergency declaration. (See *California Penal Code 396 (c)*)

Penalties for Violations

According to the California Attorney General's Web site and the California Penal Code, failure to comply with this penal code section will result in fines of up to \$10,000 and/or one year in jail.

There are exceptions in the Code, which provide for increases beyond 10 percent, but they are conditioned upon increases in the cost of goods or services provided by your supplier(s).

This is an informational update based on the information provided by the California Attorney General's Office (Available at <http://ag.ca.gov/newsalerts/release.php?id=1485>) and California Penal Code Section 396(Available at http://www.leginfo.ca.gov/cgi-bin/waisgate?WAI_SdocID=4179163004+1+0+0&WAI_Saction=retrieve). If you are seeking legal advice, you should contact your attorney.