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10
11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 COUNTY OF LOS ANGELES
13

14 **THE PEOPLE OF THE STATE OF**
15 **CALIFORNIA,**

16 Plaintiff,

17 v.

18 **INVITATION HOMES INC.,** a Maryland
corporation,
19

20 Defendant.
21

Case No.

**COMPLAINT FOR PERMANENT
INJUNCTION, CIVIL PENALTIES,
RESTITUTION, AND OTHER
EQUITABLE RELIEF**

(BUS. & PROF. CODE, § 17200 et seq.)

22 The People of the State of California (“People” or “Plaintiff”), by Rob Bonta, Attorney
23 General of the State of California, bring this action against Invitation Homes Inc. (“Invitation
24 Homes” or “Defendant”) for violating the Unfair Competition Law (Bus. & Prof. Code, § 17200
25 et seq.), and allege the following:

26 **INTRODUCTION**

27 1. The People bring this civil enforcement action against Invitation Homes for
28 violations of the Unfair Competition Law (“UCL”). These violations are predicated on

1 California’s Tenant Protection Act (“TPA”) and California’s price-gouging law.

2 2. From October 2019 through December 2022, Invitation Homes violated
3 California’s Tenant Protection Act and price-gouging law by increasing rents for approximately
4 1,900 of its tenants above the limits allowed under those laws.

5 **DEFENDANT**

6 3. Invitation Homes is a public company that leases rental homes. It is a Maryland
7 corporation with its headquarters and principal place of business at 1717 Main Street, Suite 2000,
8 Dallas, Texas 75201.

9 **JURISDICTION AND VENUE**

10 4. This Court has jurisdiction over the allegations and subject matter of the People’s
11 Complaint filed in this action, brought under Business and Professions Code section 17200 et seq.

12 5. Venue is proper here because violations of law alleged in this Complaint occurred
13 in this county.

14 **THE TENANT PROTECTION ACT**

15 6. In 2019, California enacted the Tenant Protection Act, which created significant
16 new rent-increase and eviction protections for most tenants. The Tenant Protection Act applies to
17 most rental units in California that were built more than 15 years ago, including single-family
18 homes owned by a corporation or real estate investment trust.

19 7. Recognizing the need to protect California tenants from the financial
20 destabilization and physical displacement frequently caused by large, unexpected rent increases,
21 the Legislature established a statewide ceiling on annual rent increases at covered properties.
22 Specifically, the Tenant Protection Act proscribes owners from, over the course of a 12-month
23 period, “increas[ing] the gross rental rate for a [covered] dwelling or a unit more than 5 percent
24 plus the percentage change in the cost of living, or 10 percent, whichever is lower” (Civ.
25 Code, § 1947.12 subd. (a)(1).) The Tenant Protection Act specifies how to calculate the
26 maximum rent increase allowed, which is based on the county in which the rental unit is located
27 and when the rent increase takes effect.

28 8. The Legislature also recognized the need for requiring “just cause” for eviction,

1 which helps prevent landlords from evicting tenants in order to reset unit rents at higher rates than
2 the rent-increase cap allows. As such, the Tenant Protection Act permits landlords to terminate
3 tenancies for covered tenants only where they have a statutorily enumerated just cause. (Civ.
4 Code, § 1946.2).

5 9. Cities, counties, and other public entities may set more stringent rent caps for
6 rental units within their jurisdiction.

7 10. Landlords and property managers must familiarize themselves with the rent caps
8 applicable to their rental units to ensure that all rent increases they issue, even if they are issued in
9 good faith, comply with the law.

10 CALIFORNIA'S PRICE-GOUGING LAW

11 11. During a state of emergency or local emergency and in its aftermath, it is unlawful
12 to greatly increase the price of essential consumer goods and services, including rental housing.
13 (Pen. Code, § 396.) The Legislature enacted these price-gouging protections to protect consumers
14 from being taken unfair advantage of during an emergency or disaster. Price-gouging protections
15 apply once the President of the United States, the Governor of California, or a city or county
16 executive officer declares a state of emergency or local emergency. The protections generally
17 apply for 30 days after a declaration of emergency, but they may be extended by the applicable
18 authority.

19 12. For rental housing, California's price-gouging law generally prohibits landlords
20 from increasing the price of rental housing for an existing or prospective tenant by more than 10
21 percent of the previously charged or advertised rent. (Pen. Code, § 396, subd. (e).)

22 13. Landlords cannot evict a tenant and then re-rent or offer to rent the housing at a
23 rental price greater than the evicted tenant could be charged under the law. (Pen. Code, § 396,
24 subd. (f).)

25 14. The price-gouging law does not allow landlords to charge more rent than what is
26 authorized by local rent-cap ordinances.

27 15. Landlords and property managers must familiarize themselves with California's
28 price-gouging law and be aware of what emergency declarations and rent-increase restrictions are

1 in place to ensure that all rent increases they issue, even if they are issued in good faith, comply
2 with the law.

3 **DEFENDANT’S BUSINESS PRACTICES**

4 16. Invitation Homes owns and manages a large number of rental homes, most of
5 which are single-family homes, in California, Washington, Arizona, Colorado, Nevada, Texas,
6 Florida, Georgia, South Carolina, North Carolina, Illinois, and Minnesota. Invitation Homes owns
7 and manages approximately 12,000 rental homes across California.

8 17. Invitation Homes is required to adhere to the Tenant Protection Act’s rent-increase
9 provisions and local rent-cap provisions when raising rent for tenants. Invitation Homes is also
10 required to adhere to California’s price-gouging law, which limits rent increases during declared
11 state and local emergencies, including those relating to the COVID-19 pandemic.

12 18. An investigation by the California Attorney General’s Office determined that from
13 October 2019 through December 2022, Invitation Homes increased rent on approximately 1,900
14 of its California rental homes above the rate permitted under California law. These included rent
15 increases that violated the Tenant Protection Act and rent increases over 10 percent that Invitation
16 Homes issued following proclamations of state emergencies. Through its internal audits and
17 reviews, Invitation Homes had discovered and worked to remedy some of these overcharges prior
18 to learning about the Attorney General’s investigation.

19 **FIRST CAUSE OF ACTION**

20 **VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17200**

21 (Unfair Competition)

22 19. Plaintiff realleges paragraphs 1 through 18 and incorporates these paragraphs by
23 reference as if fully set forth in this cause of action.

24 20. Defendant has engaged in business acts or practices that constitute unfair
25 competition as defined in the Unfair Competition Law, Business and Professions Code section
26 17200 et seq. These acts or practices include, but are not limited to, the following:

- 27 a) Raising tenants’ rent in excess of the rent-increase cap imposed by Civil Code
28 section 1947.12; and

1 b) Raising tenants' rent in excess of the rent-increase cap imposed by Penal Code
2 section 396, subdivision (e)

3 **PRAYER FOR RELIEF**

4 WHEREFORE, the People pray for judgment as follows:

5 1. Under Business and Professions Code section 17203, that Defendant, its affiliates,
6 subsidiaries, successors and assigns, its officers and employees, and all persons who act in
7 concert with Defendant, be permanently enjoined from committing any unlawful, unfair, or
8 fraudulent acts of unfair competition in violation of Business and Professions Code section 17200
9 as alleged in this Complaint;

10 2. That the Court make such orders or judgments as may be necessary to prevent the
11 use or employment by Defendant of any practice that constitutes unfair competition or as may be
12 necessary to restore to any person in interest any money or property that may have been acquired
13 by means of such unfair competition, under the authority of Business and Professions Code
14 section 17203;

15 3. That the Court assess a civil penalty of \$2,500 against Defendant for each
16 violation of Business and Professions Code section 17200 in an amount according to proof, under
17 the authority of Business and Professions Code section 17206;

18 4. That the People recover their costs of suit, including costs of their investigation;
19 and

20 5. For such other and further relief that the Court deems just and proper.

21
22 Dated: January 8, 2024

23 Respectfully Submitted,
24 ROB BONTA
25 Attorney General of California

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27 _____
28 GABRIEL SCHAEFFER
 Deputy Attorney General