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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

THE PEOPLE OF THE STATE OF CALIFORNIA, Plaintiff, v. **HOLLAND RESIDENTIAL (CALIFORNIA), INC.**, Defendant.	Case No. 24STCV33404 **COMPLAINT FOR PERMANENT INJUNCTION, CIVIL PENALTIES, AND OTHER EQUITABLE RELIEF** (BUS. & PROF. CODE, § 17200 et seq.)

The People of the State of California ("People"), by Rob Bonta, Attorney General of the State of California, alleges the following on information and belief:

INTRODUCTION

1. The People bring this civil enforcement action against Defendant for violations of the Unfair Competition Law (Bus. & Prof. Code, § 17200 et seq.) These violations are predicated on the Consumer Credit Reporting Agencies Act ("CCRA"), as amended by the COVID-19 Tenant Relief Act (Assem. Bill No 81 (2021-2022 Reg. Sess.)).

2. Defendant Holland Residential (California), Inc. violated the CCRA by using COVID-19 rental debt as a negative factor in evaluating numerous applicants for residential tenancies at California rental properties, and by denying housing based on screening reports that contained COVID-19 rental debt.

DEFENDANT

3. Defendant Holland Residential (California), Inc. is a corporation formed in California, with its principal place of business in the state of Washington. Defendant leases rental homes throughout the state of California.

JURISDICTION AND VENUE

4. The Court has original jurisdiction over this action pursuant to California Constitution article VI, section 10.

5. This Court has jurisdiction over Defendant because Defendant is incorporated in California, owns property in California, and by offering its California properties for rent to residential tenants has intentionally availed itself of the California market so as to render the exercise of jurisdiction over Defendant by the California courts consistent with traditional notions of fair play and substantial justice.

6. Venue is proper in this Court here because violations of law alleged in this complaint occurred in the County of Los Angeles.

THE COVID-19 TENANT RELIEF ACT

7. In 2020 and 2021, California enacted a series of emergency bills, commonly known as the COVID-19 Tenant Relief Act, to stabilize housing for millions of financially distressed tenants and landlords in the wake of the COVID-19 pandemic. These emergency bills provided significant eviction protections to tenants, access to rental assistance funds for unpaid rent, restrictions on credit reporting, and restrictions on tenant screening based on COVID-19 rental debt. (Sen. Bill No 91 (2021-2022 Reg. Sess.), as amended by Assem. Bill No 81 (2021-2022 Reg. Sess.).)

8. The restriction relating to COVID-19 rental debt, added to the Consumer Credit Reporting Agencies Act (Civ. Code, § 1785.1, et seq.) and made effective in February 2021, is

simple—a housing provider or tenant screening company shall not use rental debt incurred during the COVID-19 pandemic as a negative factor in evaluating rental housing applicants, or as the basis for refusing to rent a dwelling unit to a prospective tenant. (Civ. Code, § 1785.20.4; Code Civ. Proc., § 1179.02, subd. (c).)

DEFENDANT'S BUSINESS PRACTICES

9. Despite the enactment of Civil Code section 1785.20.4, Defendant engaged in unlawful conduct by evaluating prospective tenants using screening reports that contained rental debt incurred during the COVID-19 pandemic as a negative factor, and by refusing to rent to prospective tenants based on screening reports that contained COVID-19 rental debt.

10. Defendant is the owner of approximately 19 residential properties across California, including seven in Los Angeles County. To evaluate prospective tenants for at least one of these properties, Defendant requested that RealPage, Inc. produce a screening report for each applicant. These screening reports contained information gathered by RealPage, Inc., such as the applicants' credit history, rental history, and court records. If an applicant had a history of unpaid rent, this was reported as a negative factor in one of the following ways—as the applicant having a delinquent or unpaid credit account, a late payment in their rental history, or as a court judgment entered against the applicant in a landlord-tenant action.

11. Between February 2021 and November 2022, multiple screening reports that Defendant requested from RealPage, Inc. reported COVID-19 rental debt as a negative factor.

12. Defendant refused housing to many of these applicants based on these screening reports, creating hardship for these households as they looked for new housing in California's difficult housing market.

13. Defendant continued to request screening reports from RealPage, Inc., and evaluate tenants based on those screening reports, despite being informed by RealPage, Inc. that much of the data used to create the reports was not filtered for COVID-19 rental debt and might still contain COVID-19 rental debt.

FIRST CAUSE OF ACTION

VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17200

(Unfair Competition)

14. The People reallege and incorporate by reference each of the paragraphs above as though fully set forth herein.

15. Defendant has engaged in business acts or practices that constitute unfair competition within the meaning of the Unfair Competition Law, Business and Professions Code section 17200 et seq. These acts or practices include, but are not limited to, evaluating prospective tenants using screening reports that contained rental debt incurred during the COVID-19 pandemic as a negative factor in violation of Civil Code, section 1785.20.4, and denying housing to applicants based on these screening reports.

PRAYER FOR RELIEF

WHEREFORE, the People pray for judgment as follows:

1. Under Business and Professions Code section 17203, that Defendant, and its agents or representatives, be permanently enjoined from committing any unlawful, unfair, or fraudulent acts of unfair competition in violation of Business and Professions Code section 17200 as alleged in this Complaint;

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

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

4. That the Court award disgorgement in an amount according to proof, under the authority of Government Code section 12527.6;

5. That the People recover its costs of suit, including costs of its investigation;

6. That the People receive all other relief to which they are legally entitled; and

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

Dated: December 18, 2024

Respectfully Submitted,

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Deputy Attorney General