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Top real estate CEO says fire-ravaged LA residents are desperate for a place 'to live for the week' amid waves of price gouging



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• After the wildfires ravaged whole swaths of Los Angeles, residents are battling a second crisis: finding temporary shelter amid rampant price gouging.

Redfin chief executive Glenn Kelman said one of his agents lost her home to the fires that tore through Los Angeles. She found a home for rent, listed at \$5,600 a month, he said. But when she called, the landlord had nearly doubled the price to \$11,000 a month. So she drove down the southern California coast to search for a hotel in Orange County.

The sudden scarcity of housing triggered by the devastating wildfire disaster has compounded an already agonizing situation for buyers and renters in Los Angeles. Those made vulnerable by the fires are encountering sky-high prices for permanent or even temporary housing. Not to mention, it has shined a light on the role real estate marketplaces and online brokerages play in preventing price gouging, particularly in situations where people are homeless, desperate, and can't shop around or wait for something better or less expensive to pop up.



"People are trying to find a place just to live for the week," Kelman told me. "Forget about buying their forever home, they're looking for shelter." Redfin is taking the rare step of offering representation for rentals.

Celebrity realtors and California elected officials have issued stern warnings about price gouging; the law prohibits it and offenders could go to jail. In a press conference, California Attorney General Rob Bonta talked about fire victims "preyed upon by greedy businesses and landlords." Bonta made it clear he would hold guilty parties accountable, calling them "predators." The AG has already filed charges against a real estate agent for attempting to price gouge.

Still, it doesn't seem to have stopped all landlords from attempting to profit from the crisis. People are fighting back and some are trying to track would-be offenders with what appears to be a spreadsheet of rentals that were priced excessively in the aftermath of the fires (that are still not totally contained) making its rounds on social media.



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Everything is charged: landlords who see opportunity, sellers who lost their homes before contracts were finalized, and agents dealing with their own personal tragedies, Kelman explained. In one case, a client withdrew their listing because it was their second home, but it became their only home after the fires, he shared. "The buyer was sort of indignant, they were close to buying it, the buyer needed a place," Kelman said. "The seller said, 'Look, I can't make myself homeless right now."

Benjamin Reznik, a partner at Jeffer Mangels Butler & Mitchell and chair of the firm's government, land use, environment and energy department, explained that real estate services companies are subject to California price-gouging laws which fall under the penal code section. The law is sweeping: it refers to the actors as persons, businesses, or other entities. In Reznik's view, the law is intended to be very broad in its application for any party involved in the chain of the rental and home-buying business. For price gouging purposes, it is their duty to monitor what is posted to their platforms, Reznik explained, otherwise they're risking committing crimes in California. Still, there isn't a precedent for holding such companies responsible, he explained, but that doesn't mean it couldn't happen.

On the other hand, Timothy Reimers, a partner at law firm Sheppard Mullin, explained that, because there isn't a case for it, it could be a stretch to go after such companies. The law, Reimers said, doesn't put it on online real estate platforms to stop price gouging—but there could be a liability risk if they knowingly post listings that are priced excessively.

So if someone lists an apartment for rent and Redfin thinks it's priced too high, should it refuse to list it? Kelman said: "We're constrained on this."

"What's uncomfortable for us is when one of our clients wants to take advantage of a situation," he said. "It's almost like we're representing you in court, but the position that you're taking isn't one we're comfortable with. So there have been plenty of instances where we've told clients that somebody will represent you on that, but it shouldn't be us."

"We just try to have those conversations before we put a sign in their yard," Kelman said.

Redfin shared that it received a handful of reports about potential price gouging. It instructed customers to report them to the Multiple Listing Service for removal. Redfin is using its own data to identify a set of listings that potentially violate the price-gouging law to bring those to the attention of their landlords. It encourages people to report to the attorney general, too.

For its part, Zillow said it has taken down hundreds of listings since the fires began. That means using its internal systems to flag potential violations and removing listings with price increases that exceed the threshold. It encourages people to report any suspected violations to Zillow and state authorities.



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The California attorney general press office said it encourages "online platforms to take down illegal listings and work with state and local law enforcement to address misconduct on their platforms."

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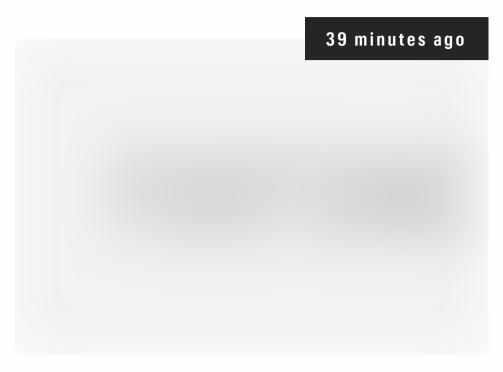


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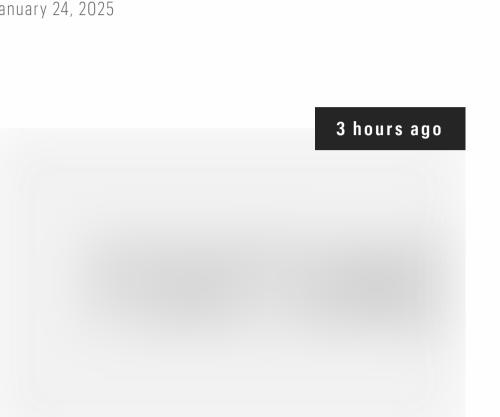
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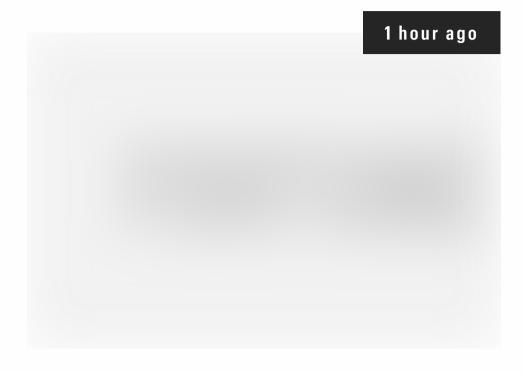
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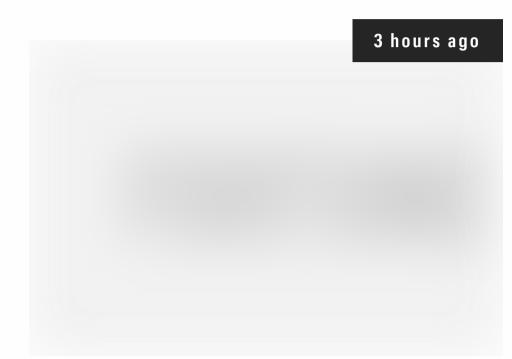
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