1 2 3 4 5 6 7 8	Steven A. McKinley, Esq. (Bar No. 89656) Ian W. McKinley, Esq. (Bar No. 303218) MCKINLEY LLP 501 W. Broadway, Ste. 1340 San Diego, Ca. 92101 Phone: 619-297-3170 Email: steven@mckinleylegal.net ian@mckinleylegal.net  Attorneys for Plaintiff SHORT TERM RENTAL A  IN THE UNITED STAT	ES DISTRICT COURT			
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11	SHORT TERM RENTAL ALLIANCE OF SAN	Case No.: 22-cv-1831-L-RBB			
12	DIEGO, a non-profit California corporation,  Plaintiff,	Action Filed: Sept. 26, 2022 Trial Date: None Set			
13	VS.				
14 15	CITY OF SAN DIEGO, a California municipal	FIRST AMENDED COMPLAINT FOR DECLARATORY AND INJUNCTIVE			
16	corporation, and DOES 1 through 10 inclusive,  Defendants.	RELIEF OR IN THE ALTERNATIVE, PETITION FOR TRADITIONAL MANDAMUS			
17		Judge: Hon. M. James Lorenz Magistrate Judge: Ruben B. Brooks			
18		Magistrate Judge. Ruben D. Drooks			
19					
20	Comes now Plaintiff SHORT TERM RENT	AL ALLIANCE OF SAN DIEGO (hereinafter			
21	"PLAINTIFF" alleges as follows:				
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23	I.				
24	GENERAL AI	LLEGATIONS			
25	1. SHORT TERM RENTAL ALLIAN	CE OF SAN DIEGO, hereinafter "PLAINTIFF" is			
26	a non-profit California corporation, based out of San Diego, CA.				
27	2. PLAINTIFF's purpose(s), <i>inter alia</i> ,	educating and advocating for short term rental			
28	owners and operators, and protecting the statutory and constitutional rights of landlords, tenants,				
		1 Case No.: 22-cv-1831-L-RBF			

- hosts, guests, and both the providers of and consumers of services/goods related to the short (and longer term) rental industry. Such rights include but are not limited to the rights of equal protection, to be free of discrimination, and the right to equal access to public resources such as public beaches. PLAINTIFF's members also include individuals of various racial and ethnic groups historically subjected to discrimination, including but not limited to Hispanics and African Americans, whose rights are protected by the provisions of the FHA and the U.S. and California constitutions.
- 3. PLAINTIFF's members include but are not limited to, landlords and hosts with one or more short term rental properties within the geographic area sometimes referred to as the San Diego Coastal Overlay (hereinafter "COASTAL OVERLAY").
- 4. On information and belief, CITY OF SAN DIEGO (hereinafter "DEFENDANT") is a California municipal corporation.
- 5. PLAINTIFF's landlord and host members each own one or more single family residences (including but not necessarily limited to detached homes and or attached condominiums) in close proximity to beaches in areas like Mission Beach, Pacific Beach, and La Jolla, within the COASTAL OVERLAY.
- 6. PLAINTIFF's renter and guest member(s) include but are not necessarily limited to, people who have a past history of renting short term rentals in the COASTAL OVERLAY for business and pleasure related purposes (or a mix thereof), hailing from one or more other states of the United States, who wish to continue using short term rentals in the CITY OF SAN DIEGO, including within the COASTAL OVERLAY. These members include at least one member who frequents more than one short term rental owned by the same owner, and by extension, he will lose access to at least one rental property which he wishes to continue to visit as a direct outgrowth of the ORDINANCE, as further described and or defined further herein. PLAINTIFF's renter and guest member(s) also include individuals of Hispanic and African American heritage, whose rights are protected by the provisions of the FHA and the U.S. and California constitutions.
- 7. In or around April of 2021, DEFENDANT adopted Ordinance O-21305, which adopted amendments to the San Diego Municipal Code which regulate short term rentals within the City of San Diego (generally). However, pursuant to California law and pursuant to the City's own

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ordinance, Ordinance O-21305 would not (and could not) apply to the COASTAL OVERLAY without subsequent recommendations and approval from the California Coastal Commission (hereinafter "COMMISSION").

- 8. On information and belief, sometime after initial passage of O-21305, DEFENDANT submitted the ordinance for review to the COMMISSION. On February 17<sup>th</sup>, 2022, the California Coastal Commission issued a report including recommended modifications to O-21305. DEFENDANT adopted the proposed modifications to O-21305 through a separate ordinance numbered O-21464, with final passage on June 27<sup>th</sup>, 2022, the effectiveness of which was made subject to final COMMISSION approval. Pursuant to its terms, O-21464 (and by extension O-21305) would not become law and would not be in effect within the COASTAL OVERLAY until 30 days after final passage, or until the COMMISSION unconditionally certified the operative provisions, whichever occurred later. Hereinafter, O-21305, as modified by O-21464 to apply within the COASTAL OVERLAY, is referred to as the "ORDINANCE." On information and belief, the COMMISSION unconditionally certified the operative provisions of O-21464 on or around August 10<sup>th</sup>, 2022, and the ORDINANCE (as amended O-21464) became effective in the COASTAL OVERLAY on that date.
- 9. Some time on or around October 3<sup>rd</sup>, 2022, DEFENDANT opened its online application portal to the public and began accepting applications for licenses pursuant to the express provisions of the ORDINANCE. On information and belief, Applicants were only allowed to submit applications for one property, and LLCs and Corporations were not allowed to submit applications at all. Accordingly, pursuant to the prima facie terms of the ORDINANCE, and by its application as effectuated by the application portal, any applicant which wished to obtain licenses for more than one property was prevented from doing so, resulting in a de facto refusal and or rejection of any attempt to secure licenses for multiple properties owned by the same owner. For LLCs and Corporations, the application of the ORDINANCE was even more severe, completely prohibiting them from even applying for a license.
- 10. The ORDINANCE, both through its online application portal (i.e. as applied), and through the express facial provisions of the ordinance, discriminates between natural persons and

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27 28 corporations, prohibiting outright corporations and similar entities from applying for or receiving any license to operate a short term rental of any sort.

- 11. PLAINTIFF alleges on information and belief that DEFENDANT is and was at all times aware that the COASTAL OVERLAY communities within the City of San Diego are vacation and business destinations not only for local and regional vacationers, but also for business and vacation travelers from neighboring states and the United States as a whole. It is further alleged on information and belief that one of the primary reasons, if not the sole reason for such destination status, is the ready accessibility to the coast and beaches in communities within the COASTAL OVERLAY.
- 12. On information and belief, DEFENDANT knew or should have known that it has been judicially recognized within the courts of the state of California that short term vacation rental bans (and by extension partial short-term vacation rental bans) are inconsistent with providing low-income individuals and families access to the coast. (See e.g. Kracke v. City of Santa Barbara, (2021) 63 Cal. App. 5<sup>th</sup> 1089).
- 13. Further, according to American Communities Survey data, in 2021 Hispanic (i.e. "Hispanic or Latino Origin (of any race)") Americans experienced poverty within the last 12 months at a disproportionate rate, with 18.3% of Hispanic Americans experiencing poverty, as compared with 9.3% of White Americans ("White alone, not Hispanic or Latino"). Similarly, African Americans experience poverty at a disprortionately high rate (22.1%) in comparison.
- 14. Furthermore, the income level of Hispanic Americans was substantially lower, with the median annual income for Hispanic Americans (in 2021) at \$60,566, as compared to White Americans at \$75,412. Similarly, the median annual income level for African Americans was also lower, at \$46,774. On information and belief, DEFENDANT either knew or should have known that Hispanics and African Americans experience poverty and low income at a disproportionate rate, and that accordingly, they would be disparately impacted by the reduced coastal access created by the ORDINANCE.
- 15. DEFENDANT also knew or should have known that short term rental bans disproportionately affect large groups (and by extension families) as short term rentals are peculiarly

suitable for large group gathering and accommodations.

- 16. Any ban disproportionately affecting large groups will disproportionately affect Hispanic households, as Hispanic households are larger than those of many other demographic groups. In 2015 71.7% of Hispanic households consisted of three or more people (with 25.3 % consisting of five or more), as compared with 47.2% of White households at three or more (and with just 10% at five or more). Thus, Hispanic families seeking to take family vacations near the beach in San Diego will disproportionately be adversely impacted by the reduced supply of short term vacation rentals within the COASTAL OVERLAY.
- 17. Accordingly, DEFENDANT either knew or should have known that implementation of the ORDINANCE would result in a partial short-term rental ban within the COASTAL OVERLAY, and that by extension, disparately impact various racial minorities, including but not necessarily limited to Hispanics, who are disproportionately below the poverty line, have lower median income, and have larger household sizes than at least one other racial community. By extension, this group or groups will disproportionately suffer from application of the ORDINANCE.
- 18. The ORDINANCE, as ultimately enacted and as applicable in the COASTAL OVERLAY, caps the number of short term rentals not occupied by the owner as a primary residence (Tier III and Tier IV licenses) to 1% of the City's total housing units generally (excluding the housing units in the Mission Beach community), including in the COASTAL OVERLAY, except for in Mission Beach, wherein the cap is 30% of total housing units in the Mission Beach community. It is estimated that this cap will result in an approximately 28% reduction in short term rental inventory versus immediately pre-ORDINANCE in the Mission Beach area. Overall, short term rentals are anticipated to decrease 50% overall, substantially decreasing critical coastal access.
- 19. On information and belief, PLAINTIFF further alleges that in addition to decreasing the supply of short-term rentals within the Mission Beach area by 28% and reducing short term rentals in other areas of San Diego by a massive 50%, the resulting supply shift will result in higher equilibrium prices for those short-term rentals which remain (i.e. remaining short term rentals will be

<sup>&</sup>lt;sup>1</sup> Race and ethnicity of U.S. households in 2015, by size | Statista; accessed 09-25-2022.

more expensive). Accordingly, not only will the basic supply of short-term rentals available be significantly reduced, but this reduction will result in higher overall prices, resulting in a near perfect storm for people and families with low income and or affected by poverty.

- 20. Under essential terms of the ORDINANCE, all short-term rental properties within the COASTAL OVERLAY must secure a property specific license in order to continue operating as a short-term rental. Owners can seek licenses to use their primary residence as a short-term rental under a Tier 1 or Tier II license. These licenses are not subject to any caps, or lotteries. Each owner can only secure a single license. Owners seeking to use a non-primary residence as a short-term rental must seek either a Tier III license (for properties not within the Mission Beach Community), or a Tier IV license (for properties within the Mission Beach Community). Properties which are not also used by the owner as a primary residence may receive a license if and only if the owner holds no other short-term rental licenses (i.e. no owner can possess more than one license). Accordingly, each and every member of PLAINTIFF with more than one short-term rental prior to the effective date of the ORDINANCE will effectively be deprived of at least one short-term rental by implementation of the ORDINANCE resulting in future loss of income, and loss of property rights.
- 21. The ORDINANCE also is structured to discriminate against owners based upon whether or not the owner also utilizes he/her/its short-term rental property as a primary residence. Further, the ORDINANCE discriminates between natural persons (who can apply for licenses) and corporations and related entities, which are prohibited from applying for or receiving licenses.
- 22. The ORDINANCE's ostensible purpose, which is in essence simply "...to protect the public health, safety, and citizens of San Diego..." is entirely disconnected from and unrelated to its actual provisions and restrictions. No explanation or rationale is provided for why or how the ORDINANCE is designed to improve the public health or safety of the citizens of San Diego. On information and belief, DEFENDANT conducted no studies of any kind, and gathered no evidence to suggest that short term renters are any more of a danger to public health and safety than long term renters, or for that matter, owner occupied properties. No rationale whatsoever exists to distinguish

between homeowners who share their primary residence with short term guests, and homeowners who rent the entire premises to short term guests.

- 23. Furthermore, the ordinance's regulatory scheme is entirely irrational, as its various provisions, prohibitions, and licensing requirements apply even within commercial zones where hotels, motels, and other high intensity uses are allowed. No rationale exists to distinguish between guests at a short term rental, and guests at a motel or hotel.
- 24. The true names and capacities of Defendants fictitiously named herein as DOES 1 through 50 are unknown to PLAINTIFF, and PLAINTIFF prays leave to amend this complaint to allege their true names and capacities when ascertained. PLAINTIFF sues said defendants fictitiously named herein as DOES 1 to 10 pursuant to the provisions of CCP§474. PLAINTIFF is informed and believes and thereon alleges that each of the fictitiously named defendants is in some manner responsible for injuries PLAINTIFF's members as hereinafter alleged, and negligently and or intentionally caused PLAINTIFF's members injuries.
- 25. PLAINTIFF is informed and believes, and thereon alleges, that at all times mentioned in this Complaint, that each Defendant herein, including each Doe Defendant, was, at all times relevant hereto, acting as the agent, employee, partner, joint venturer, or representative of the remaining Defendants, and in such capacity was acting within the scope of such agency, service or employment relationship. PLAINTIFF is further informed and believes that each Defendant, while acting as a principal, expressly directed, acted with knowledge of, authorized, affirmed, consented to, ratified, encouraged, approved, adopted and participated in the acts or transactions of the other Defendants, including each Doe Defendant.

II.

# FIRST CAUSE OF ACTION

(DECLARATORY JUDGMENT UNDER CAL. CIV. PROC. §1060)

- 26. PLAINTIFF hereby incorporates by this reference paragraphs 1 through 24 as if restated in full herein.
- 27. For all the above reasons, the ORDINANCE on its face discriminates, and unlawfully distinguishes between owner occupied and non-owner occupied short term rentals, and this distinction is not rationally related to any legitimate public policy goal. Accordingly, this distinction is unlawful as repeatedly affirmed by the courts of this district, including in *College Area Renters and Landlord's Ass'n. vs. City of San Diego* (1996) 43 Cal. App. 4<sup>th</sup> 677, and again more recently reaffirmed by the Honorable Judge Styn in *College Area Students Tenants and Landlords Ass'n vs. City of San Diego* (2017) 37-2017-00009715-CU-MC-CTL. Furthermore, this ordinance discriminates between the owners of short-term rentals, and other short-term accommodations like motels and hotels in commercial zones.
- 28. Although the CITY does not expressly identify any meaningful legislative goals associated with the ORDINANCE (as further described above), the 4<sup>th</sup> district court of appeal has previously provided guidance to the CITY regarding such ordinances:

"In short, if the City wants to address problems associated with overcrowded detached homes, it should do so with a law that applies "evenly to all households." (See City of Santa Barbara v. Adamson (1980) 27 Cal.3d 123, 133, 164 Cal.Rptr. 539, 610 P.2d 436.) As stated by our Supreme Court in Adamson: "... Population density can be regulated by reference to floor space and facilities. Noise and morality can be dealt with by enforcement of police power ordinances and criminal statutes. Traffic and parking can be handled by limitations on the number of cars (applied evenly to all households) and by off-street parking requirements. In general, zoning ordinances are much less suspect when they focus on the use than when they command inquiry into who are the users." (Ibid.; italics in original.) "

College Area Renters & Landlords Assn. v. City of San Diego, (1996) 43 Cal. App. 4<sup>th</sup> 677, 687-688 [pagination omitted, emphasis in original].

- 29. The unlawful distinction described above is in derogation and contravention of the protections of the Equal Protection clause of the 14<sup>th</sup> Amendment to the United States Constitution, and of the Equal Protection clause of the California Constitution (Cal. Const. Art. 1 Sec. 7).
- 30. Accordingly, PLAINTIFF respectfully seeks an order declaring O-21464 and O-21305 (i.e. the ORDINANCE) void and unconstitutional, both *prima facie* (on its face) and as applied, and permanently enjoining enforcement within the COASTAL OVERLAY, as well as awarding reasonable costs and attorneys fees associated with this public interest action.

III.

### SECOND CAUSE OF ACTION

# (DISPARATE IMPACT UNDER 42 U.S.C.A. §3604 AND 14<sup>th</sup> AMENDMENT TO THE UNITED STATES. CONSTITUTION)

- 31. PLAINTIFF hereby incorporates by this reference paragraphs 1 through 31 as if fully restated herein.
- 32. PLAINTIFF states that on information and belief, DEFENDANT knew or should have known that the ORDINANCE would disproportionately impact Hispanics and African Americans due to the dramatic decreases in the number of short-term rentals in the COASTAL OVERLAY, dramatically decreasing the accessibility of beaches and the coast to low-income persons, of which Hispanics and African Americans make up a disproportionate part. Further, the ORDINANCE also reduces the accessibility of short-term rentals, which are peculiarly suited to large groups, which also disproportionately affects Hispanics due to their statistical propensity to have larger family sizes. Most of these facts were recognized by the COMMISSION in their February 2022 report based upon the Defendant's own reporting.
- 33. On information and belief, PLAINTIFF alleges that the ORDINANCE was adopted after public hearings and public input which included coded language designed (whether consciously or unconsciously) to discriminate against Hispanics, African Americans, and other historically marginalized groups, and to keep them out of exclusive, high income beach communities including but not limited to Mission Beach, Pacific Beach, and La Jolla.

- 34. Accordingly, and for all the reasons stated above, the ORDINANCE has a disparate impact upon Hispanic and African American persons, disproportionately depriving them of short-term housing within the COASTAL OVERLAY, and disproportionately depriving them of access to the beaches and coast within the COASTAL OVERLAY in contravention of the federal Fair Housing Act, and the 14<sup>th</sup> Amendment to the United States Constitution, and in derogation of California public policy goals designed to preserve accessibility to coastal areas for low income groups.
- 35. The passage of the ORDINANCE was, on information and belief, the result of disguised animus and or unconscious prejudices which escape easy classification, and was the result of public hearings and input, including coded language designed (consciously or unconsciously) to discriminate against historically disadvantaged groups.
- 36. Accordingly, respectfully seeks an order declaring O-21464 and O-21305 void and unconstitutional both on its face, and applied, and permanently enjoining enforcement within the COASTAL OVERLAY for violation of the FHA and 14<sup>th</sup> Amendment to the United States Constitution.

IV.

## THIRD CAUSE OF ACTION

# (DECLARATORY RELIEF FOR VIOLATION OF DORMANT COMMERCE CLAUSE)

- 37. PLAINTIFF hereby incorporates by this reference paragraphs 1 through 37 in full as if fully restated herein.
- 38. The ORDINANCE provides for a randomized lottery system to allocate scarce licenses for short term rentals in the TIER III and TIER IV groups. These groups are available to persons where the short-term rental owner is not also using the short-term rental property as their primary residence. Such licenses are further subject to additional restrictions, as they are subject to the overall cap on number of rentals, as well as an additional restriction limiting each owner to one and only one short term rental license regardless of how many other potential short term rental properties they own.
- 39. The ORDINANCE further provides for automatic award of licenses to TIER I and TIER II (licenses for homes where the owner also uses the property as their primary residence)

assuming certain other requirements are met. These licenses are not subject to the overall cap on short term rentals.

- 40. This discrimination in requirements between the TIER I and TIER II licenses (i.e. owner occupied licenses) and TIER III and TIER IV licenses (non-owner occupied licenses) constitutes prima facie discrimination against out-of tate property owners. The upshot of the ordinance is that while owners who also occupy their short-term rentals as their primary residence are virtually guaranteed a license., out of area and more importantly, out of state owners must enter a lottery just for the *possibility* of securing one (and only one) license. If they don't happen to win the lottery, they are out of luck.
- 41. As previously stated herein, the online application portal for this arbitrary and discriminatory lottery opened (on information and belief) on or around October 3<sup>rd</sup>, 2022, and applicants were only permitted to submit a single license application for a single property. Any applicant seeking licenses for more than one property, including out of state owners, were by operation of the facial terms of the ordinance, and by the actual implementation of the application system, had any attempt to procure licenses for multiple properties rejected and or refused.
- 42. Many out of state operators, including out of state operators which are members of PLAINTIFF, who have (prior to adoption of the ORDINANCE) purposefully purchased multiple properties within the COASTAL OVERLAY based upon reasonable investment backed expectations, will thus be deprived of the opportunity to recoup their investment, as the ORDINANCE does not include an amortization period and or grandfathering provision for their properties.
- 43. This discriminatory treatment (both on its face and as applied) of TIER I and TIER II licenses is differential treatment of in- state vs. out-of-state short-term rental owners (i.e. by definition no out-of-tate short-term rental owners can avail themselves of a TIER I or TIER II license), and this differential treatment generally benefits the former while burdening the latter. This burden is more than just incidental.
- 44. The ORDINANCE as written neither identifies any legitimate local purpose to any degree of specificity, nor advances a legitimate local purpose in any identifiable way, and ample

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alternatives exist which do not facially discriminate against interstate commerce, as previously discussed above.

45. Accordingly, PLAINTIFF respectfully seeks an order declaring the ORDINANCE (O-21464 and O-21305) void and unconstitutional, both on its face (prima facie), and as applied, and permanently enjoining enforcement within the COASTAL OVERLAY for violation of the Dormant Commerce Clause to the United States Constitution.

# V. FOURTH CAUSE OF ACTION

# (SUBSTANTIVE DUE PROCESS)

- PLAINTIFF hereby incorporates by this reference paragraphs 1 through 45 in full as if 46. fully restated herein.
- 47. PLAINTIFF further alleges that pursuant to both the facial provisions and application of the ORDINANCE as implemented through the application portal, is also arbitrary and discriminatory, and is contrary to the welfare of the region and its visitors, and thus also violates the substantive due process rights of hosts, guests, and non-natural persons (corporations, LLCs, etc.) under both the 14th Amendment to the United States Constitution, and under the due process clause of the California Constitution. Therefore, the ORDINANCE is void both on its face and as applied, and is unenforceable.
- 48. Accordingly, PLAINTIFF respectfully seeks an order declaring the ORDINANCE (O-21464 and O-21305) void and unconstitutional, both on its face (prima facie), and as applied, and permanently enjoining enforcement within the COASTAL OVERLAY for violation of the Substantive Due Process clause of the 14th Amendment of the United States Constitution, and the Substantive Due Process clause of the California Constitution.

VI.

## FIFTH CAUSE OF ACTION

# (INVERSE CONDEMNATION UNDER THE UNITED STATES AND CALIFORNIA **CONSTITUTIONS**)

49. PLAINTIFF hereby incorporates by this reference paragraphs 1 through 48 in full as if fully restated herein.

- 50. Traditionally and or historically, many homes within the COASTAL OVERLAY and surrounding areas, both attached and detached, have been used as short term and or vacation rentals.
- 51. On information and belief, such uses, on a cash flow basis, constitute the highest and best use of such properties, and yield the highest rate of return.
- 52. PLAINTIFF further alleges that one or more members of PLAINTIFF have purchased properties in the COASTAL OVERLAY, and incurred substantial debt related thereto, based upon the express expectation of (and in reliance upon) cashflows from using said properties as short term rentals. These leveraged investments were made based upon the reasonable and primary expectation that such use would, consistent with the area's history, be permissible in the future.
- 53. The ability to use a home as a short-term rental goes to the core of owners' property interest in real estate, i.e. being able to use, let, lease, or otherwise dispose of their possessory interest in the property as they wish. The ORDINANCE severely constricts and or eliminates that right, which is a fundamental attribute of ownership.
- 54. The ORDINANCE does not provide any grandfathering provision, amortization provision, monetary compensation to owners, or other mitigating benefits which would offset or mitigate the burdens which the ORDINANCE imposes.
- 55. In many cases, by depriving owners of their rights to use their property or properties as a short-term rental, owners will be deprived of their ability to secure a reasonable rate of return, and in many cases, that rate of return will actually be negative.
- 56. The cumulative effect of the ORDINANCE, if applied consistent with the facial provisions of the ORDINANCE and consistent with the application of the ORDINANCE thus far through use of the application portal, has and will result in the non-categorical taking of properties within the COASTAL OVERLAY without compensation in violation of the 5<sup>th</sup> Amendment (as applied to the states by the 14<sup>th</sup> Amendment) of the U.S. Constitution, and provisions of the California Constitution.
- 57. Accordingly, PLAINTIFF respectfully seeks an order declaring the ORDINANCE (O-21464 and O-21305) void and unconstitutional, both on its face (*prima facie*), and as applied, and permanently enjoining enforcement within the COASTAL OVERLAY for violation of the takings

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clause of the 5<sup>th</sup> Amendment United States Constitution, and the takings clause of the California Constitution.

#### VII.

#### SIXTH CAUSE OF ACTION

# (PREEMPTION BY STATE LAW)

- 58. PLAINTIFF hereby incorporates by this reference paragraphs 1 through 57 in full as if fully rest08
- 59. The legislature of the State of California, no later than the implementation of the Beverly-Killea Act, and continuing through the present in the form of the Revised Uniform Limited Liability Company Act (and similar legislation), has evinced an intent to occupy and preempt the field of rights and powers of LLCs and corporations within the state of California. (See e.g. Cal. Corp. Code 17701.05).
- 60. In so doing, the legislature has evinced an intent that LLCs and Corporations shall have all those powers of natural persons related to the acquisition and disposition of property.
- 61. While the express provisions of the ORDINANCE allow individuals to apply for licenses to operate a property as a short-term rental, LLCs and Corporations are barred from applying for such licenses.
- 62. While the legislature of the State of California has specifically empowered LLCs and Corporations with those rights of natural persons related to the ownership and disposition of property, DEFENDANT City of San Diego has invaded that area of law preempted by state legislation and expressly prohibited LLCs and Corporations from enjoying the same rights of natural persons to own and dispose of property as it has completely prohibited LLCs and Corporations from applying for short term rental licenses, and by extension, completely prohibited LLCs and Corporations from operating short term rentals.
- 63. Accordingly, and for all the reasons stated above, PLAINTIFF respectfully seeks an order declaring the ORDINANCE (O-21464 and O-21305) void and unenforceable, both on its face

1 (prima facie), and as applied, and permanently enjoining enforcement within the COASTAL 2 OVERLAY due to preemption by state law. 3 4 VIII. 5 PRAYER FOR RELIEF 6 WHEREFORE, PLAINTIFF prays for an order containing the following relief: 7 1. Declaring the ORDINANCE void on its face and or as applied, and enjoining any 8 and all future enforcement within the COASTAL OVERLAY for violation of the Equal Protection clause under the 14th Amendment to the U.S. Constitution, and the 9 10 Equal Protection clause of the California Constitution, and; 11 2. Declaring the ORDINANCE void on its face and or as applied, and enjoining any **12** and all future enforcement within the COASTAL OVERLAY for violation of the FHA and the 14<sup>th</sup> Amendment to the United States Constitution based upon 13 14 Disparate Impact, and; 15 3. Declaring the ORDINANCE void on its face and or as applied, and enjoining any 16 and all future enforcement within the COASTAL OVERLAY for violation of the 17 Dormant Commerce Clause of the United States Constitution, and; 18 4. Declaring the ORDINANCE void on its face and or as applied, and enjoining any 19 and all future enforcement within the COASTAL OVERLAY for violation of the Substantive Due Process clause of the 14th Amendment to the United States 20 21 Constitution, and the Substantive Due Process clause of the California Constitution, 22 and; 23 5. Declaring the ORDINANCE void on its face and or as applied, and enjoining any 24 and all future enforcement within the COASTAL OVERLAY for violation of the takings clause of the 5<sup>th</sup> Amendment to the United States Constitution, and the 25 26 takings of the California Constitution, or in the alternative; 27 28

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7	Attorneys for Plaintiff SHORT TERM RENT	TAL ALLIANCE OF SAN DIEGO		
8				
9	IN THE UNITED STATES DISTRICT COURT			
10	FOR THE SOUTHERN DISTRICT OF CALIFORNIA			
11				
	SHORT TERM RENTAL ALLIANCE OF	Case No.: <b>22-cv-1831-L-RBB</b>		
12	SAN DIEGO, a non-profit California corporation,	Action Filed: Sept. 26, 2022 Trial Date: None Set		
13	•	That Date. None Set		
14	Plaintiff,			
15	VS.	PROOF OF SERVICE		
16	CITY OF SAN DIEGO, a California municipal corporation, and DOES 1 through 10 inclusive,	Judge: Hon. M. James Lorenz Magistrate Judge: Ruben B. Brooks		
17	Defendants.			
18	Defendants.			
19				
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21				
22	I, the undersigned, declare under penalty of perjury that I am over the age of			
23	eighteen years and not a party to the case. I am an attorney with the law firm of			
24	McKinley LLP. My business address is 501 West Broadway, Suite 1340, San Diego,			
25	California 92101, Tel: (619)297-3170. My electronic address is			
	karen@mckinleylegal.net.			
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27				
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1	On November 23 2022, I electronically filed the documents listed below with the			
2	Clerk of the United States District Court of California by using said Court's CM/ECF			
3	system.			
4	• PLAINTIFF'S FIRST AMENDED COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF OR IN THE			
5	ALTERNATIVE, PETITION FOR TRADITIONAL MANDAMUS			
6 7	Copy of said document were served in the following manner:			
8				
9	X (BY CM/ECF) I caused to be transmitted a copy of the foregoing			
10	document(s) this date via the United States District Court's ECF System, in accordance			
11	with the rules governing the electronic filing of documents in the United States District			
12	Court for the Southern District of California, which electronically notifies all counsel as			
13	follows:			
14				
15	Tyler Krentz, Esq.			
16	Deputy City Attorney Civil Division			
17	Office of City Attorney 1200 Third Avenue, Suite 1200			
18	San Diego, CA. 92101			
19	Tel: 619-533-4542 Cell Phone: 619-535-7963			
20	Email: tkrentz@sandiego.gov			
21				
22				
23	I declare under penalty of perjury under the laws of the State of California that			
24	the foregoing is true and correct.			
25	Dated: November 23, 2022			
26	Karen McKinley  Karen G. McKinley			
27	Karen G. McKinley			
28				
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