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8 *Attorney for Plaintiffs*

9 **UNITED STATES DISTRICT COURT**
10 **SOUTHERN DISTRICT OF CALIFORNIA**

11 A. ANDERSON, an individual;)
12 L. SORENSON, an individual;)
13 B. TALLEY, an individual; and)
14 K. TALLEY, an individual.)

15 Plaintiffs,)

16 -v-)

17)
18 THE CITY OF ENCINITAS, a municipal)
19 corporation; WOODBRIDGE PACIFIC)
20 GROUP, a California limited liability)
21 company; WPG DESERT ROSE, a)
22 Delaware limited liability company;)
23 SCRAMARK, a California limited liability)
24 Company; SANTIARA, a California)
25 limited liability company;)
26 NEW POINTE INVESTMENT 37, a)
27 California limited liability company;)
28 and)
DOES 1 - 100,)

Defendants.)

CASE NO.: '21CV1701 H BLM

**COMPLAINT FOR
DAMAGES,
DECLARATORY AND
INJUNCTIVE RELIEF**

Jury Trial Demanded

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INTRODUCTION

1. In a 2013 speech, former President Obama stated that one of the cornerstones necessary to build up middle-class life in America is the chance for one to buy their own home¹. A home is more than just a house, it's a source of pride and a source of security. Hard-working Americans should not have to compete with Corporate Entities and their endless parade of arms-length shell LLC companies to buy an affordable home. Complex corporate structures should not be treated as back-door VIPs, particularly when it comes to affordable home programs.

2. Affordable housing is currently one of the hottest topics facing the State of California and the nation. California's Density Bonus laws were not created for speculation and flipping or to keep low and very low-income families in the continuum of merely renting. Houses are to be lived in, and to build a life within. *See id.* The housing market in California has been infected by the shell companies and speculating investors, with many now being denied fair consideration in their application process. That is what this case is about. Unscrupulous corporate actors' intentional, willful and unlawful conduct to abuse an affordable home program in violation of federal and state laws in the seaside town of Encinitas, California.

27 ¹ Press Release, The White House, Remarks by the President on Responsible
28 Homeownership (Aug. 6, 2013), <https://obamawhitehouse.archives.gov/the-press-office/2013/08/06/remarks-president-responsible-homeownership>.

1 Developers in Encinitas are putting on “dog and pony shows” to honest applicants
2 in order to meet basic requirements while pre-determining the sale of designated
3 affordable homes in violation of the fair housing rules. And the City of Encinitas is
4 complicit in these housing violations and recklessly failing its duties to administer
5 the programs properly to further the fair housing laws. Affordable homes are being
6 dominated by shell companies owned by building industry insiders, ultimately
7 stealing precious opportunities for deserving families who want a home of their own
8 in their seaside town. Shells are for the Encinitas beaches, not designated affordable
9 homes.
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13 3. In blatant violation of federal and state anti-discrimination and unfair
14 practice laws, Defendants have engaged in concerted and unlawful actions to
15 discriminate against Plaintiffs in the sale and/or rental of designated affordable
16 homes constructed under California’s Density Bonus Law. These private developers
17 and industry insiders have stacked the playing field discriminating and excluding
18 very low-income families from purchasing homes designated as affordable single-
19 family homes in the City of Encinitas. While doing so, the City of Encinitas (“City”)
20 has had full knowledge that these developers have been selling the designated
21 affordable homes to private wealthy investors, and blatantly discriminating against
22 selling to these very low-income families. City has a duty to ensure that the sale of
23 affordable homes, under the umbrella of the density bonus laws, are properly
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1 executed within the confines of the federal and state fair housing laws. The City has
2 had full knowledge of this discriminatory and unfair practice for years, has failed to
3 stop it, and instead given its consent and approval.
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5 4. The four individual Plaintiffs are all members of classes protected by
6 the Fair Housing Act (“FHA”), 42 U.S.C. §3601 *et seq.* – very low-income
7 homebuyers who are single females with children or very low-income homebuyers
8 who are people of color with children. By this action, Plaintiffs seek to hold the
9 developers, the investor buyers, the City, and any related party, responsible for these
10 actions and harms.
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13 5. Defendants are real estate developer companies that have engaged in
14 the development of wealthy real estate projects in the City of Encinitas. They sought
15 under the California Density Bonus laws zoning and planning restriction relief in
16 exchange for the construction of an affordable single-family home that was
17 designated for a very low-income family. Instead, these developers strategically
18 limited or manipulated advertising of the properties to preclude a large pool of
19 applicants. They stunted communication with the very low-income applicants
20 during the application process. And instead sold these homes to pre-determined
21 wealthy investors in lieu of the pool of qualified very low-income applicants. All
22 with the full consent of the City of Encinitas.
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1 6. As detailed more fully below, Defendants’ discriminatory and unlawful
2 practices in violation of the FHA have included, among other practices, (1) refusing
3 to sell the properties to qualified very low income families, (2) minimizing all effort
4 to advertise and sell the homes to the protected classes, (3) sold the properties to pre-
5 determined buyers where there was a pre-existing relationship with the Owner and
6 and/or the Owner’s affiliates, (4) refuse to rent to a very low-income applicant based
7 on gender, marital and familial status, and (5) secretly sold the property to a wealthy
8 male investor prior to the closing of the application period.
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12 7. The City has a duty to ensure the Defendants do not engage in any
13 discriminatory or unfair practices in the sale or rental of the affordable homes.
14 However, the City of Encinitas has breached that duty by failing to stop this unlawful
15 practice. The City has failed to review and challenge the sale of the properties to
16 wealthy non-qualified investors over the very low income applicant pool. The City
17 has failed to monitor and ensure the homes are being rented to and housing very low-
18 income families. And the city has failed to keep adequate reporting records on a
19 regular basis to ensure compliance. The City is either complicit in the scheme, or is
20 turning a blind eye. Either way, it has allowed the unlawful discrimination against
21 some of its most vulnerable residents.
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26 8. Defendants’ conduct has caused profound injury to Plaintiffs. Plaintiffs
27 equal opportunity to become homeowners in their City have been violated. They
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1 have been given false hopes of the American dream and been shut out. Repeatedly
2 Plaintiffs have tried to seek these limited opportunities to be able to buy an
3 affordable home in the City of Encinitas. Each with the hope and excitement that
4 they too would be able to buy a place to call their own, to raise their children, and
5 one day leave them a legacy. Instead, each time, Plaintiffs have been excluded and
6 have suffered anxiety, frustration, and humiliation, in addition the violation of their
7 civil rights.
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10 9. Plaintiffs seek a declaratory judgment, actual, compensatory and
11 punitive damages for Defendants' unlawful behavior. This action is brought under
12 the Fair Housing Act of 1968, as amended, 42 U.S.C. §3601 *et seq.*; the California
13 Fair Housing and Employment Act, California Government Code §§12900-12996;
14 the Unruh Civil Rights Act, California Civil Code §51; California Civil Code
15 §§1708, 1711, 1714, 1770; Cal. Gov't Code 8899.50; the California Unfair
16 Competition Law, California Business and Professions Code §17200 *et seq.*; and
17 California common law.
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22 **JURISDICTION AND VENUE**

23 10. This Court has jurisdiction pursuant to 28 U.S.C. §§1331 and 1343.
24 This action is authorized by 42 U.S.C. §3613. Declaratory relief is authorized by 28
25 U.S.C. §§2201 and 2202. This Court has supplemental jurisdiction to consider state
26 law claims pursuant to 28 U.S.C. §1367.
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