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Counsel for Defendants (Additional Counsel on Signature Page)

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

The People of The State of California,

Case No.: 26SMCV00397

Plaintiff,

v.

**MEMORANDUM IN SUPPORT OF
DEFENDANTS' DEMURRER TO
PLAINTIFF'S COMPLAINT**

Hamid Enayati aka Andrew Enayati aka Andy
Enayati, individually and as Trustee of the
ENA Property Trust dated April 15, 2013;
Nicole Massarat aka Nicole Enayati; Nina
Enayati; Jaleh Forouhar aka Jaleh Enayati,
individually and as Trustee of the Marital Trust
under the ENA1 Property Trust dated April 15,
2013; Nina Property Management, Inc.; The
1028, LLC; 1111 11th Street, LLC; 1837
Glendon Avenue, LLC; ENA1, LLC; ENA2,
LLC; ENA3, LLC; ENA4, LLC; ENA5, LLC;
ENA6, LLC; ENA7, LLC; ENA8, LLC;
ENA9, LLC; ENA10, LLC; AND DOES 1
THROUGH 10,

Date: June 5, 2026

Time: 8:30 a.m.

Dept.: 205; Hon. Edward B. Moreton, Jr.

Reservation ID: 527837705549

Complaint Filed: January 22, 2026

Defendants.

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INTRODUCTION

California law protects a landlord's right to rent a vacant property according to the price and terms the landlord determines appropriate. It also protects a landlord's lawful preexisting use of his or her property, regardless of any intervening zoning changes. Knowing this, the City of Santa Monica (the "City") doubled down on an invalid municipal regulation that conflicts with state law. In bringing this action, the City recasts what should be nothing more than a basic zoning dispute into a novel enforcement of California's competition laws with the apparent purpose of unfairly forcing Mr. Hamid Enayati (and his family, collectively, "Mr. Enayati") into surrendering his rights as a landlord.

The City's purported basis for this case is Santa Monica Municipal Code ("SMMC") Section 6.22. This section prohibits rentals for greater than 31 days but less than a year ("medium-term rentals"), bars landlords from delivering a property pre-furnished, and permits leasing to only "permanent residents." In its complaint, the City repeatedly mischaracterizes lawful medium-term rentals as "short-term" rentals. But "short-term rentals" include only those rentals for periods of 30 days or less, Cal. Gov't Code Section 50991(f), whereas, here, the "vast majority" of rentals challenged by the City exceed "31 nights," Compl., ¶ 30—thus triggering important residential tenancy rights under California law.

For four separate reasons, the Court should find that the City's claims fail as a matter of law.

First, California's Costa Hawkins Act Civil Code § 1954.50, *et seq.*) preempts Section 6.22. As reiterated by the Second District, the Costa Hawkins Act protects landlords against any restraint—direct or indirect—that (i) limits the landlord's ability to set rent or (ii) financially penalizes the exercise of that right. *California Apartment Ass'n v. City of Pasadena*, 117 Cal. App. 5th 187, 236 (2025).

But by the City's own allegations, Section 6.22 violates each protection. The City effectively concedes preemption by alleging that **shorter** rental periods—the exact arrangement Section 6.22 prohibits—permits landlords to obtain **higher** monthly rents. In the City's words, because "state law" (the Costa Hawkins Act) permits "rent increases to market rate for new tenancies," Mr. Enayati "could dramatically **increase** [his] profit by converting long-term rent-controlled rentals . . . into [medium-term] rentals for transient visitors who turn over frequently." Compl., ¶ 32 (emphasis added). The City further admits that the "longer a tenant household has resided in a rent-controlled unit, the lower the rent." *Id.*, ¶ 31. That is, shorter tenancies yield higher rents. On these admissions, the City pled itself out of Court.

Section 6.22 conflicts with the Costa Hawkins Act for additional reasons. By prohibiting medium-term rentals (permitting only one-year tenancies), Section 6.22 effectively diminishes the number of potential vacancies over the life of a property. That, in turn, restrains the frequency at which a landlord may reset the rent at a higher price at a new tenancy—a reality confirmed by the legislative materials underlying Section 6.22's enactment. And Section 6.22's restriction on pre-furnished rentals

1 serves as yet another restraint on Mr. Enayati’s ability to freely set rent. Under the City’s Rental Charter,
2 furniture qualifies as a component of rent, Rental Charter, § 1801(f), and a tenant may obtain a rent
3 decrease for removing that amenity. By categorically prohibiting Mr. Enayati from offering pre-
4 furnished rentals, Section 6.22 directly impairs his ability to determine the rent on his properties.

5 **Second**, despite the City’s cherry-picked codification of Section 6.22 as a “business regulation,”
6 Section 6.22 is—in fact, law, and nature—a zoning and land-use regulation. This reality is confirmed by
7 binding precedent, Santa Monica’s own municipal code, and the numerous legislative materials that the
8 City initially prepared when considering earlier versions of Section 6.22. But once the City understood
9 that codifying Section 6.22 as a zoning regulation would require a grandfathering exemption for
10 landlords previously renting their properties on a medium-term basis, the City relabeled its restrictions
11 to brush over the need for such exemption. Because Section 6.22 omits an exception for Mr. Enayati’s
12 indisputable preexisting use of his properties as medium-term, pre-furnished rentals, this section violates
13 California Supreme Court precedent ensuring that “[t]he rights of users of property as those rights existed
14 at the time of the adoption of a zoning ordinance are well recognized and have always been protected.”
15 *Hansen Brothers Enterprises, Inc. v. Board of Supervisors*, 12 Cal. 4th 533, 552 (1996).

16 **Third**, Section 6.22 is invalid because, when enacting it, the City failed to comply with the
17 prerequisites of California’s Coastal Act (Pub. Res. § 30600). While Section 6.22 plainly applies to any
18 rent-controlled property within Santa Monica, including within its coastal zone (West of Fourth Street),
19 the City nonetheless failed to secure an amendment to its Local Coastal Program (“LCP”) or Coastal
20 Development Permit (“CDP”). This failure further renders Section 6.22 dead-on-arrival. *Ross v.*
21 *California Coastal Com.*, 199 Cal. App. 4th 900, 924 (2011).

22 **Fourth**, the City lacked the authority to enact Section 6.22 in the first instance. By imposing its
23 pre-furnished restriction, Section 6.22 regulates rent. Rental Charter, § 1801(f). Yet the City’s Rental
24 Charter vests the authority to regulate rent with the Santa Monica Rent Control Board (“Rent Board”),
25 *Id.*, § 1802. Because the City Council lacked the authority to enact the pre-furnished restriction, it is
26 void. *E. E. by & through Hutchison-Escobedo v. Norris Sch. Dist.*, 4 F.4th 866, 872 (9th Cir. 2021).

27 Even putting aside Section 6.22’s invalidity, the City fails to proffer facts or a cognizable legal
28 theory that is sufficient to state a claim against Mr. Enayati under the Unfair Competition Law (Business
& Professions Code § 17200, *et. seq.*) or False Advertising Law (Business & Professions Code § 17500,
et. seq.). Nor can it. By the City’s allegations, Airbnb renters **themselves** intended to stay at Mr. Enayati’s
properties for less than one year. This admission—coupled with the fact that such renters were the only
persons who allegedly viewed the purportedly “sham” leases that guests executed when checking into
their rentals, *see, e.g.*, Compl. ¶¶ 40, 63—eliminates any possibility that the public was likely to be

1 deceived by such leases or Mr. Enayati's rental practices. Indeed, the City does not allege that Mr.
2 Enayati ever submitted the leases to the City and, further, cannot identify any actionable misstatement.

3 The City's UCL unfair prong theory fares worse. Because California law expressly protects Mr.
4 Enayati's right to rent on a medium-term and pre-furnished basis, the City cannot recast Mr. Enayati's
5 exercise of that right as a violation of the UCL's unfair prong. *Cel-Tech Commc'ns, Inc. v. Los Angeles*
6 *Cellular Tel. Co.*, 20 Cal. 4th 163, 182–83 (1999) ("When specific legislation provides a 'safe harbor,'
7 plaintiffs may not use the general unfair competition law to assault that harbor."). The City also fails to
8 show how Mr. Enayati's rental practices meet any test under the unfair prong or even identify any renter
9 who suffered because of the challenged conduct (further undermining any basis for restitution). These
10 failures make sense. Mr. Enayati's rental practices do not pose any threat to competition. Rather, Mr.
11 Enayati *enhances* competition, providing more living options and better pricing. These procompetitive
12 benefits explain why, according to the City, Mr. Enayati has rented his properties on medium-term, pre-
13 furnished basis "nearly 3,000 times" since Section 6.22's enactment. Compl., ¶¶ 1, 71.

14 **BACKGROUND¹**

15 **The History and Enactment of Section 6.22**

16 In September 2020, the City Council enacted Section 6.22 (<https://ecode360.com/42735181>),
17 which:

- 18 • Prohibits landlords and renters from leasing medium-term rentals, SMMC, § 6.22.060;
- 19 • Permits leasing to only "natural persons," *id.*, § 6.22.040
- 20 • Requires that landlords deliver rental properties unfurnished, *id.*, § 6.22.070;
- 21 • Requires that rental be used as a "primary residence," *id.*, § 6.22.050; and
- 22 • Requires a renter to provide, and a landlord to retain, proof of such intent (*id.*).

23 The City first considered a medium-term restriction as early as 2018. Then, the City correctly
24 recognized that restriction as a land use regulation that would require extensive amendments to the City's
25 zoning laws, codified under Santa Monica Municipal Code Article 9, titled "Planning and Zoning."
26 <https://ecode360.com/45239986#45239986>. During a July 12, 2018 meeting, the Chief Attorney for the
27 Rent Board, Stephen Lewis, discussed the West Hollywood's approach to permitting rentals for only
28 "permanent long-term habitation," explaining that West Hollywood "has done these things as part of its

¹ For the reasons explained in Mr. Enayati's Request for Judicial Notice, the Court may appropriately consider the below-cited materials pursuant to California Evidence Code § 452 and the incorporation by reference doctrine. Exhibits 1 through 10 are attached to the declaration of Joseph Trujillo. Exhibits 11 through 13 are attached to the Declaration of Nina Enayati. All page cites are to the combined master PDF pages nos. imposed in the bottom-right corner of the referenced exhibits.

1 zoning ordinance because these definitions relate to a property’s use.” July 12, 2018 RCB Meeting at
2 41:20-42:10, https://santamonica.granicus.com/MediaPlayer.php?view_id=4&clip_id=4158. Then, in
3 an August 9, 2018 memo, the Rent Board confirmed that any rental term restriction qualifies as
4 “regulating land use,” which is outside its authority and instead within that conferred to the City Council
5 and the Planning Commission. Ex. 1 at 4 (Aug. 9, 2018 RCB Memo) (“[I]t is the Planning Commission
6 and the City Council that are charged with regulating land use in Santa Monica. . . . The Board cannot . . .
7 make it illegal to engage in short-term rentals or so-called corporate housing.”).

8 The City’s early recognition that Section 6.22 is, in fact, a zoning and land use regulation did not
9 stop with the Rent Board. At a December 18, 2018 City Council meeting, Councilmember McKeown
10 expressed that the first step for considering the medium-term rental restriction required developing “an
11 interim zoning ordinance” that would define “medium term residential as a commercial use prohibited
12 in all residential zones.” Dec. 18, 2018 City Council Meeting at 2:16:33–2:19:30,
13 https://santamonica.granicus.com/MediaPlayer.php?view_id=2&clip_id=4258. On December 4, 2019,
14 in response to the City Council’s direction on September 10, 2019, the Planning Commission (primarily
15 responsible for evaluating any potential zoning changes) adopted a resolution confirming the City’s
16 threshold step of amending the zoning code to implement a medium-term rental restriction. Ex. 2 at 11,
17 16 (Dec. 4, 2019 Planning Commission Resolution) (“Council directed staff to start the process of
18 amending the text of the City’s Zoning Ordinance to clarify and update regulations to multiple-unit
19 dwellings and related uses . . . Consider possible amendments to clarify . . . Minimum lease terms for
20 dwelling units in multiple unit dwellings . . .”). But in a strategic pivot in early 2020, the City opted
21 against amending its zoning laws. At a February 19, 2020 meeting, acting on the “request of staff,” the
22 Planning Commission suddenly withdrew from consideration a predecessor version of Section 6.22’s
23 medium-term restriction. Ex. 3 at 21 (Feb. 19, 2020 Commission Meeting Agenda) (“Proposed
24 Amendments to the Text of the Zoning Ordinance Regarding the Definition of Multiple-Unit Dwelling,
25 **a residential use classification**. . . . *Withdrawn at the request of Staff*. . .”) (bold added).

26 The City’s rationales for avoiding that path are unmistakable. First, as Mr. Lewis himself
27 recognized at the July 12, 2018 meeting, California zoning law protects property owners’ rights to
28 continue their preexisting use of a subject property, even after a zoning change later prohibits that use.
29 July 12, 2018 Rent Control Board Meeting at 38:50–39:36,
30 https://santamonica.granicus.com/MediaPlayer.php?view_id=4&clip_id=4158 (“the land use land uses
31 [sic] began before they were forbidden are allowed to continue as lawful non-conforming uses” and a
32 local government may not prohibit such preexisting “grand-parented in” land use). Thus, by *not*
33 characterizing the medium-term rental restriction as a zoning law, the City engineered around its

1 obligation to protect landlords' preexisting rights. At a September 10, 2019 meeting, Mayor Davis
2 expressed this plan to end-run landlords' rights. Discussing a one-year lease minimum, she urged:

3 I think if we can do that relatively quickly that will get us a good ways to where we want
4 to be and prevent people from trying to sort of race if you will to the finish line to get in
and grandfather in some new projects that we might not be excited about.

5 Sept. 10, 2019 City Council Meeting at 3:56:25–3:58:30,
6 https://santamonica.granicus.com/MediaPlayer.php?view_id=2&clip_id=4390; see also Ex. 4 at 29
7 (Sept. 10, 2019 City Council Report) (“This staff report focuses on land use regulations directly related
8 to medium-term housing and new housing models.”). And Mayor Davis’s colloquial reference to
9 “people” is unmistakable—it means “landlords.” Sept. 10, 2019 City Council Meeting at 3:32:00–
10 3:33:00, https://santamonica.granicus.com/MediaPlayer.php?view_id=2&clip_id=4390 (“[M]y concern
11 is after hearing this conversation we may have some landlords in town who start to rearrange the pieces
on the chess board in anticipation of what they see coming down the road . . .”).

12 Second, the City’s staff attorney at that meeting recognized that the medium-term rental
13 restrictions would demand serious structural revisions to the zoning code. Feb. 19, 2020 Planning
14 Commission Meeting at 3:05:33–3:06:50, <https://www.youtube.com/watch?app=desktop&v=KphlI84qXnk>
15 (“So, the reason we pulled it from the agenda is that looking in doing this in the zoning code, it became
16 clear to us that when you look at the way the use classifications for residential are structured, there’s a
17 lot of restructuring I think that needs to happen within that whole section, and its really more than, it
wasn’t really a quick thing—a surgical thing is what we are trying to do in this phase of our work plan.”).
18 Rather than do the work of amending Article 9’s zoning laws, the City cut corners and disregarded the
19 rights of a single constituency: landlords. Following that February 19, 2020 meeting’s sudden
20 “withdrawal” of the potential amendment to Article 9’s zoning laws, the City committed to codifying
21 the medium-term rental restriction under Santa Monica Municipal Code Article 6
22 (<https://ecode360.com/42735181>), titled “Business, Professions and Trades.” See Ex. 5 at 91, 96
23 (showing that, at July 28, 2020 meeting, City Council considered draft ordinance that included a one-
year rental restriction for potential codification as a business restriction at Article 6).

24 On August 24, 2020, Mr. Lewis admitted in an email to the City Council that tenants wishing to
25 take on medium-term leases do so knowingly and for their own benefit, stating:

26 But, given that it is lucrative for owners to rent on a short-term basis only *because there*
27 *are visitors who are so eager to do it that they will pay high prices*, this effort at consumer
28 protection seems beside the point. It is *not* that there are property owners tricking would-
be permanent renters into short and medium term leases; it is that the lessors and lessees
for these properties are engaged in a *common enterprise, mutually furthering each*

1 *other’s goals*. Unless the legislation is drafted with this reality in mind . . . we fear that it
2 is doomed to be ineffective.

3 Ex. 6 at 105 (August 24, 2020 email from Lewis to City Council). In other words, the City has long
4 known that medium-term rentals do not pose any risk to consumers—consumers want this option.

5 On August 25, 2020, the City Council was introduced to Section 6.22, Ex. 7 at 117-119 (Aug.
6 25, 2020 City Council Minutes), which it enacted in September 2020 for codification as Santa Monica
7 Municipal Code Section 6.22, Ex. 8 at 126 (Sept. 8, 2020 Ord. 2650). Despite recognizing that “medium-
8 term housing is not currently regulated or defined,” Ex. 5 at 83-84 (Aug. 25, 2020 City Council Report),
9 thus protected as a preexisting use, the City never codified any exemption.

10 **The City’s Dispute with Mr. Enayati**

11 Mr. Enayati owns and leases residential properties in the Santa Monica area, Compl., ¶¶ 4, 7, 29,²
12 including both within and outside of Santa Monica’s coastal zone. The City challenges Mr. Enayati’s
13 rental of 26 such properties, *id.*, ¶ 7, all located outside of the coastal zone (the “subject rentals”). Mr.
14 Enayati has leased these units to renters on Airbnb for less than one-year periods both before and after
15 Section 6.22’s enactment in September 2020. Compl., ¶¶ 1, 5, 30, 71. To facilitate such rentals, Mr.
16 Enayati uses two Airbnb host profiles, “Nicole” and “Nina.” Compl., ¶ 33. These profiles show that Mr.
17 Enayati has rented the subject properties on a medium-term basis since before 2018. *See, e.g.*, Ex. 12 at
18 27 (June 2018 review for Nicole); Ex. 13 at 29 (June 2018 review for Nina).

19 When leasing via Airbnb, Mr. Enayati states that “guests are required to sign a written lease.”
20 Compl., ¶ 43. At its outset, each lease specifies that a renter (but not Mr. Enayati) may unilaterally
21 terminate the lease during its initial one-year term. *Id.*, ¶ 45; Ex. 11 at 2 (Exemplar 947 5th Ave lease)
22 (“The Lease may be terminated by the Tenant with a 30 day Notice to terminate tenancy”). The lease is
23 executed either at in-person check-in to Mr. Enayati’s unit or through a separate process “outside” the
24 Airbnb platform. *Id.*, ¶¶ 43, 45, 48. The City claims that this lease qualifies as a “sham” for three reasons:

- 25 1. The lease specifies a one-year rental period—when, according to the City, the actual period
26 is the length specified by the Airbnb booking, *id.*, ¶¶ 43, 45–46, 48, 76(B)(iii);
- 27 2. The lease says that the rental property is being delivered “vacant”—when, according to the
28 City, the property includes furniture, which “can be returned,” *id.*, ¶¶ 49, 76(B)(i); and,
3. The lease states that the renter would use the property as a “primary residence”—when,
 according to the City, the renter did not intend such use, *id.*, ¶¶ 49, 58, 76(B)(ii).

29 ² Mr. Enayati assumes and cites the facts alleged by the City in its complaint solely for purposes of this
30 demurrer. Such citations do not qualify as Mr. Enayati agreeing with the truth of such allegations, which
31 he reserves the right to challenge.

1 The renter triggers his or her early termination right by way of the Airbnb booking. Compl., ¶¶
2 45–46 (Airbnb booking “counts as notice of termination ending the tenancy on the end date of the
3 Airbnb.com booking.”). The City adds that, when asked by renters about the lease’s one-year term
4 requirement, Mr. Enayati has explained that that requirement “protect[s] against squatters,” *id.*, ¶ 44, and
5 renters need not worry about any “contradictions” between the booking dates and lease terms, *id.*, ¶ 46.

6 Despite faulting Mr. Enayati for these purported misstatements, the City’s allegations belie any
7 showing that such statements are likely to deceive the public. The City alleges that “*neither side* ever
8 intends for the rental to last for one year,” *id.*, ¶ 40, but rather “[f]rom initial contact until departure and
9 payment for the rental, *both the Enayatis and the guests have intended* for the stays to be short-term
10 stays for periods of less than one year,” *id.*, ¶ 63 (emphases added). While the City summarily says that
11 Mr. Enayati uses the lease provisions “to deliberately misrepresent to the City or to anyone who might
12 report to the City” that Mr. Enayati is complying with Section 6.22, *id.*, ¶¶ 54, 62 76(B)(v), the City fails
13 to allege that, at any point, Mr. Enayati (or anyone) communicated this lease requirement to the City.

14 The City then alleges that, “for some but not all rentals,” Mr. Enayati submits a tenancy
15 registration form with the Rent Board. Compl., ¶¶ 40, 67, 70. The City adds that Mr. Enayati has “never
16 collected and [is] not collecting proof of residence” as required under Section 6.22.050. *Id.*, ¶ 59.

17 In December 2024, the City issued Mr. Enayati a notice of violation predicated on Mr. Enayati’s
18 purportedly leasing one of his properties for less than one year and on a pre-furnished basis. Ex. 10 at
19 140-141 (Dec. 10, 2024 NOV). The City withdrew that violation in January 2025. Ex. 9 at 138 (Jan. 13,
20 2025 J. Erwin-Frank email). On January 22, 2026, the City filed this action, alleging (i) a claim under
21 the UCL’s unlawful, fraudulent, and unfair prongs, Compl., ¶¶ 75-76, and (ii) a claim under the FAL,
22 *id.*, ¶¶ 77-78.

23 LEGAL STANDARD

24 Courts should sustain a demurrer where a complaint fails to allege facts essential to the cause of
25 action or fails to sufficiently alert the defendant to the nature, source, and extent of the cause of action.
26 *See, e.g., Consumer Cause, Inc. v. Arkopharma, Inc.*, 106 Cal. App. 4th 824, 827 (2003). The Court
27 should also sustain a demurrer where the complaint fails to allege a cognizable legal theory as a matter
28 of law. *See, e.g., Cardenas v. Horizon Senior Living, Inc.*, 78 Cal. App. 5th 1065, 1069 (2022); *Sheehan*
v. San Francisco 49ers, Ltd., 45 Cal. 4th 992, 998 (2009). Courts disregard mere “contentions,
deductions, or conclusions of fact or law.” *Blank v. Kirwan*, 39 Cal. 3d 311, 318 (1985); *Cantu v. Resol.*
Tr. Corp., 4 Cal. App. 4th 857, 880 (1992).

ARGUMENT

I. THE CITY’S ACTION AGAINST MR. ENAYATI FAILS AS A MATTER OF LAW

The City’s action against Mr. Enayati fails as a matter of law for four reasons.

A. The Costa Hawkins Act Preempts Section 6.22’s Restrictions

Section 6.22 prohibits medium-term rentals and pre-furnished units, restricting Mr. Enayati’s right to set rents on vacant properties. The Costa Hawkins Act preempts these local bans.

“If otherwise valid local legislation conflicts with state law, it is preempted by such law and is void.” *Chevron U.S.A. Inc. v. Cnty. of Monterey*, 15 Cal. 5th 135, 142 (Cal. 2023). A conflict exists where local ordinance “duplicates, contradicts, or enters an area fully occupied by general law,” including where it obstructs the purposes and object of that law. *Id.*; *City of Pasadena*, 117 Cal. App. 5th at 229 (collecting cases) (citation modified). Local ordinances are therefore preempted where they interfere—directly or indirectly—with rights that state law protects. *City of Riverside v. Inland Empire Patients Health & Wellness Ctr., Inc.*, 56 Cal. 4th 729, 743 (2013).

The Costa-Hawkins Act guarantees landlords the right to establish initial rental rates upon vacancy. Cal. Civ. Code § 1954.53(a). Courts consistently describe this as a system of vacancy decontrol, which permits landlords the right to set the rent for a vacant unit at market price. *City of Pasadena*, 117 Cal. App. 5th at 231 (collecting cases). Two principles from the Second District’s precedent control.

First, the Costa Hawkins Act preempts any local law that in any way conditions or restrains a landlord’s right to freely determine the rent for a vacant unit. *Palmer/Sixth St. Props., L.P. v. City of Los Angeles*, 175 Cal. App. 4th 1396, 1411 (2009) (local law requiring landlord to provide affordable housing at regulated rents is “clearly hostile to the right afforded under the Costa-Hawkins Act to establish the initial rental rate for a dwelling or unit”); *City of Pasadena*, 117 Cal. App. 5th at 234 (local law requiring landlord to pay relocation assistance to tenants “imposes a categorical infringement on a landlord’s right under the Costa Hawkins Act to set rent on an exempt unit at whatever the landlord chooses”). This right extends beyond protection against just formal caps on rent. *Id.* at 236 (“Even if imposing an obligation to pay relocation assistance is not a direct restriction on a landlord’s ability to set the rent, the money a landlord must pay in relocation assistance reduces the amount of income the landlord receives from the rental property.”). Second, the Costa Hawkins Act forbids any local law that penalizes a landlord for exercising the rights afforded under the act. *Id.* (barring relocation assistance requirement that “financially penalizes landlords for exercising their rights under the Costa-Hawkins Act”).³

³ *Palmer/Sixth Street* has been superseded on other grounds. See *City of Pasadena*, 117 Cal. App. 5th at 235 n.18 (since *Palmer*, the Legislature adopted legislation authorizing local government to “adopt

1 The City’s own allegations establish that Section 6.22 conflicts with the Costa Hawkins Act. The
2 City admits that, because state law permits rents to be reset to market following a vacancy, landlords can
3 increase profits by using shorter-term tenancies that turn over more frequently. Compl., ¶ 32. It also
4 acknowledges the converse: the longer a tenant remains, the lower the rent, and thus the lesser profit a
5 landlord receives. *Id.*, ¶ 31. The City reiterated that same economic reality in enacting Section 6.22,
6 recognizing that medium-term rentals “typically ha[ve] a higher monthly price point than annual leases,”
thus incentivizing landlords to offer them. Ex. 5 at 84 (Aug. 25, 2020 City Council Report).

7 Section 6.22 eliminates that option. By prohibiting medium-term rentals, this section removes a
8 category of tenancy that the City itself acknowledges would confer landlords with higher rents upon
9 turnover. That is a direct restraint on the ability to establish initial rental rates at market. A landlord
10 subject to Section 6.22 may no longer respond to market demand for medium-term occupancy, even
11 where that demand would support a higher rental rate. Section 6.22 does not merely regulate tenancy
12 duration—it suppresses the very pricing flexibility and rights that the Costa-Hawkins Act protects. The
13 medium-term rental restriction also reduces the total number of potential vacancies that may occur over
14 the life of a property. That reduction, in turn, limits the frequency at which the landlord may reset rent
at the higher market price—again targeting the heart of the Costa-Hawkins Act.

15 Section 6.22’s pre-furnished restriction operates similarly. By prohibiting pre-furnished rentals,
16 this restriction eliminates a rental component for which tenants are willing to pay, reducing the value
17 and comparability of the property in relation to its furnished condition under the Costa Hawkins Act,
Cal. Civ. Code § 1954.51(a), and thus directly restraining Mr. Enayati’s right to freely set the rent.

18 Lastly, both the pre-furnished and medium-term rental restrictions impose financial penalties on
19 a landlord for exercising his or her Costa-Hawkins rights. Absent Section 6.22, landlords could obtain
20 higher rents through shorter-term tenancies or furnished offerings—economic realities that the City itself
21 acknowledges. Compl., ¶¶ 31–32; Ex. 5 at 84 (Aug. 25, 2020 City Council Report); Ex. 6 at 105 (Aug.
22 24, 2020 S. Lewis email). By preventing those options, the City reduces the income a landlord can realize
23 from a vacant unit. As explained in *City of Pasadena*, these burdens function as penalties for exercising
rights protected under state law and, for that reason, are preempted. 117 Cal. App. 5th at 236.

24 **B. California Law Protects Mr. Enayati’s Preexisting Rental Practices**

25 The Court may also find that Section 6.22 is invalid because, despite its actual character as a
26 zoning and land use regulation, it impermissibly omits an exemption for lawful preexisting uses.

27
28 ordinances imposing affordable housing requirements as a condition of receiving authorization to
develop residential housing units.”) (citing Gov. Code § 65850).

1 California law is clear that “[t]he rights of users of property as those rights existed at the time of
2 the adoption of a zoning ordinance are well recognized and have always been protected.” *Hansen Bros.*,
3 12 Cal. 4th at 552 (quoting *Edmonds v. City of Los Angeles Cnty.*, 40 Cal. 2d 642, 651 (1953)). Indeed,
4 California law holds that “any attempt to make zoning ordinances retroactive would meet the opposition
5 of the courts and might result in their declaring the ordinance as a whole unconstitutional.” *Suzuki v.*
6 *City of Los Angeles*, 44 Cal. App. 4th 263, 274-75 (1996). Such rights exist to prevent deprivation of
property without due process. *McCaslin v. City of Monterey Park*, 163 Cal. App. 2d 339, 346-47 (1958).

7 There is no dispute that, prior to September 2020, Mr. Enayati had rented the subject properties
8 on a pre-furnished, medium-term basis. According to the City, Mr. Enayati had engaged in such use for
9 “more than five years” prior to the complaint’s filing on January 22, 2026. Compl., ¶¶ 1, 5. Mr. Enayati’s
10 Airbnb profile reviews—the contents of which the City put at issue by citing at paragraphs 33 and 42—
11 show that Mr. Enayati used the properties as pre-furnished, medium-term rentals since at least 2018. *See*,
12 *e.g.*, Ex. 12 at 27 (June 2018 review for Nicole); Ex. 13 at 29 (June 2018 review for Nina). Given Mr.
13 Enayati’s indisputable prior use of the subject properties, and established California Supreme Court
precedent protecting such use, Mr. Enayati is exempt from complying with Section 6.22.

14 The mere fact that the City opted not to codify Section 6.22 in Article 9 of the Santa Monica
15 Municipal Code does not excuse Section 6.22’s failure to protect grandfathered rights. “[Z]oning
16 ordinance” means “restrictions on land use.” *Safe Life Caregivers v. City of Los Angeles*, 243 Cal. App.
17 4th 1029, 1043 (2016). Section 6.22 satisfies this definition on its face. And courts agree. *Ewing v. City*
18 *of Carmel-By-Sea*, 234 Cal. App. 3d 1579, 1584-97 (1991) (referencing the term “zoning” over 30 times
19 when considering an ordinance prohibiting leases for less than 30 days). Certainly, if a law prohibiting
short-term leasing qualifies as a “zoning ordinance,” then so too must its medium-term counterpart.

20 Of course, the language of Section 6.22 similarly reflects its true nature as a zoning ordinance.
21 Section 6.22.060 requires the lease for a rental housing unit to be at least one year. Section 6.22.020
22 defines “rental housing unit” to be “any of the following that is **used** as rental housing within the City”
23 as a (1) dwelling unit, (2) accessory dwelling unit, (3) junior accessory dwelling unit, or (4) unit in single-
24 room occupancy housing. SMMC § 6.22.020 (emphasis added). The legal effect of this explicit reference
25 to the term “use” is unmistakable: Section 6.22 is a land **use** regulation. And if that’s not clear enough,
26 each of the four listed terms are defined “uses” within Article 9’s zoning laws and Section 6.22.020
explicitly notes that it relies on the above-noted definitions from Article 9.

27 The City itself described Section 6.22 as a land use regulation when enacting Section 6.22. Ex. 1
28 at 4-5 (Aug. 9, 2018 RCB Memo) (Medium-term rental restriction qualifies as “regulating land use”);
Dec. 18, 2018 City Council Meeting at 2:16:33–2:19:30,

1 https://santamonica.granicus.com/MediaPlayer.php?view_id=2&clip_id=4258 (City Council granting a
2 motion to “direct staff to come back with an interim **zoning ordinance** to define zoning, medium term
3 residential as a commercial use prohibited in all residential zones,” where “medium term residential”
4 included leases greater than 30 days but less than one year) (emphasis added). But worse, these same
5 legislative history materials reveal that the City appreciated that a medium-term restriction would require
6 a grandfathering exemption for lawful preexisting uses. According to Mayor Davis, the City should
7 move quickly to impose that prohibition (and others) to “**prevent people from trying to sort of race if**
8 **you will to the finish line to get in and grandfather in some new projects that we might not be excited**
9 **about.**” September 10, 2019 City Council Meeting at 3:56:25–3:58:30,
10 https://santamonica.granicus.com/MediaPlayer.php?view_id=2&clip_id=4390.

11 The City’s recognition about the need to exempt preexisting medium-term rentals is unsurprising.
12 The City regularly exempts such lawful nonconforming uses at Article 9. Section 9.27.050 states that a
13 “legal, nonconforming use may be maintained” subject to restrictions that are not alleged by the City to
14 be applicable here. <https://ecode360.com/42747659>. Section 9.27.020, in turn, defines a nonconforming
15 use as an “occupancy or activity that was established in compliance with the standards and requirements
16 **in effect at the time it commenced** and has not been abandoned within the same structure or on the same
17 parcel since that date but does not comply with all of the applicable provisions of this Ordinance . . . ”
18 *id.*, § 9.27.020 (emphasis added). Mr. Enayati’s preexisting rental practices meet these conditions.

19 At core, the City admits, and cannot dispute, that Mr. Enayati rented the subject properties on a
20 pre-furnished, medium-term basis years before Section 6.22’s enactment. Compl., ¶¶ 1, 5, 33. This
21 inescapable fact—viewed under California Supreme Court precedent, the legislative history leading to
22 Section 6.22, or Article 9’s routine protections against new zoning laws—compels one conclusion: Mr.
23 Enayati may continue to use the subject properties as pre-furnished, medium-term rentals.

24 **C. Section 6.22 Is Invalid for Failure to Comply with the Coastal Act**

25 Section 6.22 is invalid because it imposes a land use restriction within Santa Monica’s coastal
26 zone without having first complied with the California Coastal Act’s requirements.

27 The Coastal Act is a comprehensive statute governing land use in California’s coastal zone, and
28 local governments may not approve or permit development within that zone unless such development
complies with the act’s requirements. *Pac. Palisades Bowl Mobile Estd., LLC v. City of Los Angeles*, 55
Cal. 4th 783, 794 (2012). As used in the Coastal Act, a “development” includes any change in the use of
land or any regulation impacting such use. Cal. Pub. Res. Code §§ 30514, 30600. Courts repeatedly
confirm that rental restrictions fall within the Coastal Act’s definition of “development.” *Greenfield v.*
Mandalay Shores Cmty. Ass’n, 21 Cal. App. 5th 896, 901 (2018); *Keen v. City of Manhattan Beach*, 77

1 Cal. App. 5th 142, 148 (2022). The Coastal Act requires that any development within the coastal zone
2 be authorized by either a CDP or an amendment to the LCP. Cal. Pub. Res. Code §§ 30514, 30600(a).

3 In Santa Monica, the coastal zone extends between the Pacific Ocean and Fourth Street.⁴ Yet, as
4 written, Section 6.22 fails to specify any geographic limits, extending to the coastal zone. But there is
5 no indication that the City obtained approval from the Coastal Commission prior to adopting Section
6 6.22. That shortcoming is fatal. A local government’s failure to secure approval from the Coastal
7 Commission before enacting a regulation that modifies the permissible uses in the coastal zone renders
8 such regulation ineffective and unenforceable. *Ross v. California Coastal Com.*, 199 Cal. App. 4th 900,
9 924 (2011) (“A local coastal program may be amended by a local government but does not take effect
10 until it has been certified by the commission”); *Redondo Beach Waterfront, LLC v. City of Redondo*
11 *Beach*, 51 Cal. App. 5th 982, 996 (2020) (“the Coastal Commission must certify that a local agency’s
12 local coastal program complies with the Coastal Act before it can take effect”); *see also Kracke v. City*
13 *of Santa Barbara*, 63 Cal. App. 5th 1089, 1097 (2021); *Cabazon Band of Mission Indians v. City of*
14 *Indio*, Cal., 694 F.2d 634, 637 (9th Cir. 1982). Thus, Section 6.22 is invalid.

15 **D. The Santa Monica City Council Lacked the Authority to Enact Section 6.22**

16 Section 6.22 is also invalid because the City Council lacked the authority to enact it. Under the
17 Santa Monica City Charter (<https://ecode360.com/42743561#42743536>), the Rent Board maintains the
18 exclusive authority to regulate rent-related matters “independent of and without interference from the
19 City Council, City Manager, and City Attorney.” Rent Charter, §§ 1802-1803; *id.* § 1802(e) (“[Rent]
20 Board, and **not** the City Council, shall have the authority to enact replacement regulations”) (emphasis added). The Charter treats furniture as a part of rent, §§ 1801(d), (f), and, under City Charter
21 regulations § 4200(f), authorizes up to \$380 in rent adjustments for furniture removal.⁵ Because Section
22 6.22 prohibits pre-furnished units, the City Council unlawfully encroached on the exclusive authority of
23 the Rent Board, rendering that section invalid. *E. E. by & through Hutchison-Escobedo*, 4 F.4th at 872.

24 **II. THE CITY FAILS TO ALLEGE A VIOLATION OF THE UCL OR FAL**

25 Given Section 6.22’s invalidity, the City cannot state a violation of the UCL’s unlawful prong.⁶
26 But the City also fails to show how any of the alleged misconduct qualifies as “unfair” or “fraudulent.”

27 ⁴ [Coastal Zone Map](#)

28 ⁵ The Court may find a publicly accessible copy of these regulations at the following link:
<https://www.santamonica.gov/media/Document%20Library/Detail/Rent%20Control%20Charter%20Amendment%20&%20Regulations/04,%20Rent%20Adj.pdf>

⁶ The City’s theory that Mr. Enayati’s unlawfully failed to submit vacancy forms, Compl., ¶ 76(A)(i)(5), is preempted. As shown by an unpublished decision that continues to bind the City, under California law, “the only information a local agency can require an owner to provide . . . is the name of the former and present tenants.” *Cabinda LLC v. Santa Monica Rent Control Bd.*, 95 Cal. Rptr. 2d 676, 684 (2000).

1 **A. Santa Monica Fails to Identify Any Fraudulent Conduct**

2 The UCL’s “fraudulent” prong and the FAL “prohibit not only advertising which is false, but
3 also advertising which, although true, is either actually misleading or which has a capacity, likelihood
4 or tendency to deceive or confuse the public. Thus, to state a claim under either the UCL or the false
5 advertising law,” the City must “show that members of the public are likely to be deceived.” *Kasky v.*
6 *Nike, Inc.*, 27 Cal. 4th 939, 950 (2002). The City lacks any basis to assert fraud under the UCL or FAL.

7 **First**, the City’s own allegations undermine the existence of any purported misstatement by Mr.
8 Enayati that is likely to deceive the public. The City alleges only that Airbnb renters who, in fact, rented
9 from Mr. Enayati viewed the purportedly fraudulent lease and that they did so at the time of checking-
10 into their rental. Compl., ¶ 48. But, according to the City, Airbnb renters—that is, the **only** members of
11 the public alleged to have viewed the subject leases—were never deceived. As the City cedes, “[f]rom
12 initial contact until departure and payment for the rental, both the Enayatis **and the guests** have intended
13 for the stays to be short-term stays for periods of less than one year.” Compl., ¶ 63 (emphasis added).
14 Indeed, when executing the “sham” lease agreements, “neither side”—Mr. Enayati or the renter—“ever
15 intends for the rental to last for one year.” *Id.*, ¶ 40. And, as put by Mr. Lewis, it is “not only the Santa
16 Monica property owner, **but also the out-of-town visitor**, who wish to engage in” medium-term rentals,
17 thus “the lessors and lessees for these properties are engaged in **a common enterprise, mutually**
18 **furthering each other’s goals.**” Ex. 6 at 105 (Aug. 24, 2020 S. Lewis email) (emphasis added).

19 Given that the City itself recognizes that Airbnb renters were the sole persons who ever viewed
20 the leases, and they themselves were aware of the actual length of their stay (and necessarily, the pre-
21 furnished nature of their rental), the City cannot show that any member of the public was ever likely to
22 be deceived by those leases. On this ground alone, the UCL fraudulent prong and FAL claims fail. *S.*
23 *Bay Chevrolet v. Gen. Motors Acceptance Corp.*, 72 Cal. App. 4th 861, 877, 886–88 (1999) (plaintiff
24 “was not likely to be deceived by [defendant]’s business practice” when “both parties understood and
25 expected” the practice that was contracted for); *Murphy v. Twitter, Inc.*, 60 Cal. App. 5th 12, 41 (2021).

26 **Second**, the City’s theory of fraud is facially untenable. As the City itself recognizes, the subject
27 lease provides renters a one-way unilateral right to terminate at any point during the initial one-year
28 period. Compl., ¶ 45; Ex. 11 (Exemplar 947 5th Ave lease). A renter’s right to exercise that option
renders any supposed inconsistency between the subject lease and Airbnb booking beside the point: any
renter who executed the lease nonetheless maintained the right to keep that tenancy or prematurely end

1 it. There is *no* allegation that Mr. Enayati would not honor an Airbnb renter’s decision to continue the
2 one-year tenancy (nor would he) and nothing about Section 6.22 prevented the lease’s early termination.⁷

3 **Third**, nearly all alleged misstatements underlying the City’s UCL’s fraudulent prong and FAL
4 violation primarily concern the requirements of Section 6.22, Compl., ¶ 76(B)(vi), ¶ 78, particularly its
5 residency requirement, *id.*, ¶ 76(B)(ii), ¶ 78(C), and pre-furnished restriction, *id.*, ¶ 76(B)(i), (iv),
6 ¶ 78(A). Still other purported misstatements concern the legal effect of booking through Airbnb, *id.*,
7 ¶ 78(B). But given that these purported statements concern Mr. Enayati’s lay interpretation of law, they
8 are non-actionable as a matter of law. *See, e.g., Bledsoe v. Watson*, 30 Cal. App. 3d 105, 110 (1973).

9 **Fourth**, the City’s sole remaining purported misstatement—namely, the “execution” of the one-
10 year leases by Mr. Enayati and Airbnb renters for purposes of misrepresenting their compliance with
11 Section 6.22 to the City, Compl., ¶ 76(B)(v)—fails for yet another straightforward reason: the City *never*
12 alleges that Mr. Enayati submitted such leases to the City for review, expected those documents to reach
13 the City for review, or that those documents were, in fact, ever viewed or otherwise relied on by the City.
14 On this score, the closest that the City gets is to allege that Mr. Enayati “use[s] this provision of the lease
15 addendum . . . to deliberately misrepresent to the City or to anyone who might report to the City that [he
16 is] renting the units unfurnished and thereby complying with [Section 6.22]” *Id.*, ¶ 54. But this
17 allegation speaks solely to intent—it says nothing about the subject leases ever being communicated to
18 the City. Absent that, the City cannot, as a matter of law, show that such leases were ever likely to
19 deceive it, much less any member of the public. *Murphy*, 60 Cal. App. 5th at 41.⁸

18 **B. Santa Monica’s Proffered Theories of Unfair Conduct Fail**

19 As shown in Sections I.A. and I.B. above, Mr. Enayati’s practice of renting on a medium-term
20 and pre-furnished basis is expressly *permitted* by both the Costa Hawkins Act and California zoning
21 law. These protections not only preempt Section 6.22 but also foreclose any argument that Mr. Enayati
22 engaged in any unfair conduct. A plaintiff cannot use the UCL’s unfair prong to impose liability on
23 conduct expressly protected under state law. *See, e.g., Cel-Tech Commc’ns, Inc.*, 20 Cal. 4th at 182–83.

24 ⁷ The City’s theory of fraud is also untenable because the very language that the City faults Mr. Enayati
25 for including in his leases is, in fact, required to be included by the City. SMMC Section 6.22
26 Administrative Regulations, § 2,
<https://www.santamonica.gov/media/Document%20Library/Business%20License%20Forms/INFO-Lessor%20RES%20Admin%20Regs.pdf>.

27 ⁸ But even if the City had alleged such receipt, the reality is that the City cannot, credibly and consistent
28 with its ethical obligations, show that such leases deceived it. While again omitted from its complaint,
the City has, since at least 2017, known about Mr. Enayati’s purported medium-term rentals by way of
his annual business license approvals.

Regardless, the City fails to articulate any well-pled facts or theory showing a violation under any test, instead labeling the alleged misconduct “unfair.” Compl. ¶ 76(C). Under the unfairness prong, courts consider either: (1) whether the challenged conduct is tethered to any regulatory provision or threatens a violation of antitrust law (or its spirit); (2) whether the practice is immoral or substantially injurious to consumers; or (3) whether the practice’s impact on the victim outweighs its justifications. *Naranjo v. Doctors Med. Ctr. of Modesto, Inc.*, 111 Cal. App. 5th 408, 437 (2025).

As to the first test, the City does not claim there is an actual or incipient violation of any antitrust law or policy. Nor can it say that the challenged rentals are tethered to any valid regulatory provision—Section 6.22 is not valid. *See* § I above. In any event, the City’s own allegations belie that section’s purported goals. By restricting medium-term rentals, the City bars a segment of renters from leasing units on a shorter than one-year basis. This forces anyone looking to live in Santa Monica to either (i) live in a hotel or (ii) take on the burden of a long-term rental. These effects, in turn, increase the demand, and price, for hotels and long-term rentals (regardless of the renter’s actual needs), thereby generating the *exact* inefficiencies that the competition laws seek to prevent. Mr. Enayati, on the other hand, offers medium-term rentals, which provides consumers with more residential options, generating quintessential procompetitive benefits. *See, e.g., O’Bannon v. Natl. Collegiate Athletic Assn.*, 7 F. Supp. 3d 955, 1002-03 (N.D. Cal. 2014), *aff’d in part, vacated in part*, 802 F.3d 1049 (9th Cir. 2015).

As to the second test, the City's own allegations preclude any claim of immoral behavior. According to the City, Mr. Enayati and Airbnb renters are aligned about the nature of the rental. Compl. ¶¶ 40, 63. Mr. Enayati simply helps to meet the needs of this market, advancing procompetitive ends.

As to the third test, the City does not make any attempt to weigh the harm to any “victims” against the utility of Mr. Enayati’s conduct, identify any victim, or quantify their injuries. Nor can it.⁹

CONCLUSION

The City's claims fail as a matter of law. They suffer from structural defects that cannot be cured by amendment. Mr. Enayati respectfully requests that the Court sustain the demurrer without leave to amend. *All. for the Prot. of Auburn Cmty. Env't. v. Cnty. of Placer*, 215 Cal. App. 4th 25, 29 (2013).

⁹ To the extent the City premises its request for civil penalties on violation of Section 6.22 (separate and apart from the UCL or FAL), that request is time-barred by California Code of Civil Procedure § 340(a)'s general requirement that any such action be brought within one year of the challenged conduct. Here, the City fails to proffer any well-pled allegation showing that Mr. Enayati has engaged in the challenged conduct since January 22, 2025.

1 DATED: May 4, 2026

Respectfully submitted,

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