| 1 | Grant Gibson (pro hac vice forthcoming) |
|----|--|
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I. <u>INTRODUCTION</u>

- 1. In obvious and knowing disregard for the First Amendment and federal law, the City of Santa Ana has prohibited, and continues to prohibit, Anchor Stone, a small but vibrant Christian church of first-generation Chinese and Taiwanese Americans, from using its property to freely exercise their fundamental religious rights. Anchor Stone worked tirelessly on plans for a new home, including sharing detailed information, meeting, and receiving no objections from the City in advance of purchasing land for its new facility. All this, only to have the City abruptly reverse course and, in an ugly series of events, reveal its discriminatory hand. Anchor Stone seeks to vindicate its Constitutional and federal statutory rights with this lawsuit. Anchor Stone requests an order from the Court allowing the church to use its newly-acquired property for its primary place of worship.
- 2. After years of meeting in its members' homes and renting venues for worship, Anchor Stone sought to purchase property in Santa Ana to provide a permanent home for its growing congregation. Anchor Stone found a property and entered into a contract to purchase it. Before closing on the property, the church arranged to meet with City staff to lay out its plans. Anchor Stone sought to confirm that the City would allow the property to be used as a church and renovated to include a sanctuary with room for up to 99 people to meet for worship, prayer, teaching, and discipleship. During that meeting, the City did not raise concerns about Anchor Stone's proposed use of the space or inform the church that its planned assembly was impermissible under the City's land use regulations. Following the meeting, City officials confirmed to the church that its proposed floor plan "looks great."
- 3. Relying on its positive interactions with City officials, Anchor Stone closed on the property for approximately \$1.6 million on August 13, 2022. Anchor Stone then applied for a conditional use permit to use its property as a church, as

- required by the relevant zoning ordinance and as discussed with the City before closing.
- 4. After Anchor Stone closed on the property—which it did only after meeting with the City to ensure it could use the property as a church—the City reversed course and rejected Anchor Stone's conditional use permit application. To support its denial of the conditional use permit, the City invoked its General Plan, a land use policy document that was never mentioned in the City's pre-closing meeting or communications with the church. The City asserted that "community assembly"—a term neither defined nor used in the General Plan—was not allowed under the General Plan land use designation governing the property.
- 5. Santa Ana's claim that Anchor Stone's property cannot be used for "community assembly" is not supportable. The zoning ordinance applicable to the property allows, as a matter of right, many non-religious places, such as museums, art galleries, restaurants, and daycare centers, where members of the Santa Ana community assemble. Moreover, the General Plan land use designation governing the property omits any mention of assembly—religious, community-based, or otherwise—but explicitly permits property uses where assembly is inevitable, such as office-industrial flex spaces, small-scale clean manufacturing, commercial retail, artist galleries, craft maker spaces, and office buildings up to ten stories.
- 6. Yet the City refused to grant a permit for Anchor Stone to use its property to assemble its small, Chinese- and Taiwanese-American Christian congregation for worship because, the City now claims, the General Plan implicitly prohibits "community assembly."
- 7. Anchor Stone has exhausted every avenue to try to allow the City to correct its course, but to no avail. The Development Review Committee, Planning Commission, and City Council all denied Anchor Stone the ability to use its property for religious services. During hearings in front of each of these bodies, City officials expressed indifference and open hostility to the Religious Land Use

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- and Institutionalized Persons Act (RLUIPA); that federal law protects religious institutions from unduly burdensome local land use regulations and is binding on the City. For example, City planning staff told the Planning Commission that RLUIPA was "outside the scope" of its review, and a city councilmember described the mere invocation of RLUIPA as "a smack in our face."
- The City has even gone so far as to claim, falsely, that it informed Anchor Stone of the unwritten ban on "community assembly" under the General Plan before Anchor Stone closed on the property. Strikingly, the entire City Council, the mayor, and the city attorney all endorsed this falsehood by adopting a resolution denying Anchor Stone's appeal and asserting that Anchor Stone "did not engage with the City regarding the permissibility of their proposed assembly use of the property." Such an assertion is not supported by the facts, nor has the City provided evidence to back up those statements.
- Simply parroting the General Plan's purported but unwritten prohibition on "community assembly," the City continues to prohibit the church and its members from using the property to exercise their fundamental religious rights. The City does not and cannot explain how the General Plan prohibits the property's use for churchgoers assembling for Sunday morning worship but, at the same time, would presumably permit museum visitors, restaurant patrons, or corporate employees assembling in the same space for their respective purposes.
- Since Anchor Stone purchased the property almost two and a half years ago, the City has prevented Anchor Stone from using it as a church. As a result, church membership has plateaued, and tithing revenue has dried up—all while property taxes and other related expenses continue to mount. More importantly, Anchor Stone's congregants—the lifeblood of the church—have been unable to use their new church home to exercise their First Amendment right to worship God together.

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11. The City's stubborn and uncompromising refusal to allow the free exercise of Anchor Stone's fundamental religious rights has left Anchor Stone no option but to seek this Court's assistance to protect those rights.

II. **JURISDICTION AND VENUE**

- The Court has federal question jurisdiction over this action under 28 U.S.C. § 1331 because it is a civil action arising under the Religious Land Use and Institutionalized Persons Act (RLUIPA), the First Amendment to the United States Constitution, and 42 U.S.C. § 1983.
- Venue is proper in this District under 28 U.S.C. § 1391(b) because the property that is the subject of the action is situated in this District, all of the Defendants reside and can be found in this District, and all of the acts and events giving rise to the claims occurred here. Venue is proper specifically in the Southern Division of this district because all of the Defendants reside within the Southern Division and all of the claims arose in the Southern Division.

III. **PARTIES**

- Plaintiff Anchor Stone Christian Church is a California nonprofit religious corporation with its principal place of business in Santa Ana, California. Anchor Stone owns the property at 2938 Daimler Street, Santa Ana, CA 92705 (the "Property") that is the subject of this litigation.
- The City of Santa Ana is a (a) municipality organized and existing under the laws of the State of California and (b) a political subdivision of the State of California, located in Orange County.

IV. **FACTS**

Anchor Stone Finds a Church Home in Santa Ana A.

Anchor Stone is a Chinese- and Taiwanese-American Christian church 16. that endeavors to spread the gospel to other first-generation Chinese and Taiwanese Americans in Santa Ana and throughout Orange County. Its journey began in 2018

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when Yu Fang "Julie" Sun started a small, in-home prayer group. By 2019, the group had grown into a full-fledged church.

- As Anchor Stone grew, the church sought a permanent home where its nearly 50 members could plant roots. After years of searching and praying for a church home, Anchor Stone discovered the property at 2938 Daimler Street in Santa Ana. The Property checked all the boxes—price, location, and size, among others.
- 18. What Anchor Stone did not know at the time it found the Property, but would discover later, was that the City of Santa Ana has a history of hostility toward and discrimination against religious institutions, particularly in the land use context. For example, in a strikingly similar case resolved just over a year ago, the City refused to grant a necessary property permit to Micah's Way, a religious charity, despite granting the same permit to a similarly situated secular institution. See Ex. A (Micah's Way Order Denying Motion to Dismiss) at 2-3. The City was ultimately forced to settle the case after this Court denied its motion to dismiss Micah's Way's RLUIPA and First Amendment claims. See id. at 6–10.
- In 2022, Anchor Stone entered into an agreement to purchase the Property—then a vacant office building. Anchor Stone purchased the Property so that it could serve both as Anchor Stone's headquarters and as a church campus.

Santa Ana Land Use Rules В.

- 20. Santa Ana's land use rules are split between three sources: the City's (a) codified zoning ordinances, (b) uncodified "General Plan," and (c) various "specific plans" within the General Plan.
- Whereas zoning ordinances impose specific and detailed rules that govern land use in a particular area, a general plan is a high-level policy document that sets forth a city's land use objectives, standards, and proposals for future development. Fonseca v. City of Gilroy, 148 Cal. App. 4th 1174, 1182 (2007). The

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- general plan is, in essence, a land use "constitution," and "zoning ordinances, which are subordinate to the general plan, are required to be consistent with it." *Id.*
- 22. Some general plans, like Santa Ana's, include "specific plans" tailored to particular areas of the city. Despite their name, specific plans do not necessarily establish precise, detailed land use rules like zoning ordinances—which cover everything from building heights and setbacks to landscaping and parking requirements. Rather, specific plans merely provide additional context for the highlevel policies found in the general plan. See Verone v. City of W. Hollywood, No. B260238, 2015 WL 5656757, at *7 (Cal. Ct. App. Sept. 25, 2015).
- California law requires that all three sources of land use rules—the general plan, specific plans, and zoning ordinances—be consistent with each other, and with other relevant state and federal laws. See Fonseca, 148 Cal. App. 4th at 1182.
- 24. Anchor Stone and the Property are subject to all three sources of land use rules in Santa Ana. Its Property is subject to the Santa Ana General Plan's Industrial/Flex (Flex-3) land use designation; the 55 Fwy/Dyer Road Focus Area (i.e., specific plan); and the Professional (P) zoning district.
- The P zoning district allows various uses as a matter of right— 25. museums, art galleries, restaurants, and daycare centers, to name a few. Ex. B (Professional (P) Zoning Ordinance) at 1. Other uses, however, "may be permitted in the P district, subject to the issuance of a conditional use permit" (CUP). *Id.* "Churches and accessory church buildings" fall into this latter category of uses requiring a CUP. *Id.* at 2.
- A CUP may be granted when five factors are met. SAMC 41-638(a)(1). The City concedes that, here, factors 1–4 are not at issue. The fifth factor requires "that the proposed use will not adversely affect the general plan of the city or any specific plan applicable to the area of the proposed use."

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- each with different standards and visions for future development. See Ex. C (General Plan Land Use Element) at LU-12. Anchor Stone's Property is subject to the Industrial/Flex (Flex-3) land use designation. See id. The General Plan provides just two paragraphs explaining the Flex-3 designation. *Id.* at LU-22. Per the General Plan, it is "intended to provide context-appropriate development in areas with existing industrial uses" and "can provide a buffer between homes and traditional industrial uses." *Id.* Moreover, the Flex-3 designation "allows for clean industrial uses that do not produce significant air pollutants, noise, or other nuisances typically associated with industrial uses, including office-industrial flex spaces, small-scale clean manufacturing, research and development and multilevel corporate offices, commercial retail, artist galleries, craft maker spaces, and livework units." *Id.* Finally, the Flex-3 designation allows buildings up to 10 stories tall. Id. On top of the Flex-3 designation, Anchor Stone's Property is subject to

The General Plan divides the city into thirteen "land use designations,"

one of the General Plan's five specific plans—the 55 Freeway and Dyer Road Focus Area. See Ex. C at LU-54–59. Much like the Flex-3 designation, this Focus Area offers little in the way of detailed guidance about what is allowed and what is not. Instead, it broadly envisions that the area "will transition from a portion of the city that is almost exclusively focused on professional office jobs to one that supports a range of commercial, industrial/flex, and mixed-use development." *Id.* at LU-54. One objective of the Focus Area is to "enhance opportunities for large, multistory office and industrial space," including "office buildings up to 10 stories." Id. at LU-55. It provides the following "illustrative" images to describe the "envisioned character" of the Focus Area:

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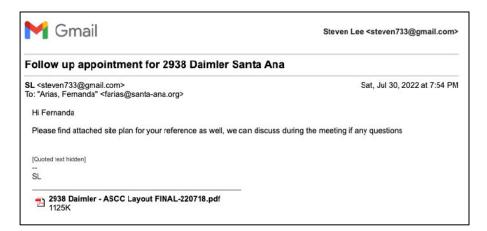
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C. **Anchor Stone Meets With City Planning Staff and Closes on the Property**

- 29. As part of its due diligence, Anchor Stone reviewed Santa Ana's zoning ordinances, which indicated the Property could be used as a church by obtaining a CUP. To ensure that it could obtain the required CUP, Anchor Stone met with officials from the City's Planning and Building Agency before closing on the Property. Before the meeting, on July 30, 2022, Anchor Stone emailed the site plan to Fernanda Arias, an Assistant Planner in the City's Planning and Building Agency. See Ex. D (Email Thread With Fernanda Arias) at 1.
- The site plan, submitted in the church's name, clearly demonstrates Anchor Stone's intention to use the Property for religious assembly and worship. See Ex. E (Site Plan). For example, the building plan graphic was titled "Place of Worship" and included a "Main Sanctuary" with 99 seats for congregants, a stage, a baptism pool, and a sound booth. Id. It also included a "Social Hall" near the front entrance of the church, and a "Nursery Room" connected to the Main Sanctuary. Id.





31. On August 1, 2022, Anchor Stone met with the City's Planning and Building Agency, including the Supervisor of the City Planning Department. That day, before the meeting, Arias confirmed receipt of the building plan. *See* Ex. D at 2. During the meeting, Anchor Stone further explained to Arias and Ali Pezeshkpour, the Planning Department Supervisor, that Anchor Stone intended to use the Property as both an office and church campus—including for religious worship services.

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- 32. During the meeting, Steven Lee, Anchor Stone's Secretary, raised the issue of obtaining a CUP. Arias and Pezeshkpour led Lee to believe there would be no issue or objection to issuance of a CUP. Indeed, the parties discussed Compass Bible Church—a much larger church than Anchor Stone located across the street and in the same P zoning district—which would soon successfully obtain a CUP from the City on August 22, 2022. See Ex. F (City Council Resolution on Compass Bible Church's CUP). Arias and Pezeshkpour never raised the General Plan as a potential obstacle to obtaining a CUP and did not indicate that "assembly" was impermissible at the Property.
- Relying on these assurances, Anchor Stone proceeded to close on the Property on August 13, 2022. A month later, on September 15, 2022, Arias thanked Lee for sending the building plan, and confirmed that the plan "looks great." See Ex. G (Email From Fernanda Arias). Arias noted only two additional items: (1) that the City would "need to see the number of seats that will be available for the auditorium," and (2) that the City would need to "see a site plan indicating the number of on-site parking available." Ex. G. Arias did not raise any concern regarding assembly at the Property. See Ex. G.

The City's Development Review Committee Denies Anchor D. **Stone's Development Project Application**

- After Anchor Stone closed on the Property, the City reversed course. 34. On January 23, 2023, Anchor Stone submitted a development project application a prerequisite to obtaining a CUP—to renovate the Property's interior, changing its use from an office to a church. During the review process, the Development Review Committee ("DRC") raised—for the first time—the Flex-3 designation as an obstacle to granting the CUP.
- 35. Anchor Stone met with staff from the DRC on February 21, 2023, to discuss its application. During this meeting, DRC staff claimed that Anchor Stone's proposed use was inconsistent with the Flex-3 General Plan designation

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- and gave Anchor Stone two untenable options: (1) withdraw its application (i.e., agree not to use the Property as a church) or (2) move forward with its CUP application with a recommendation from the DRC that it be denied.
- A letter dated June 1, 2023 from Arias—the same person who said the building plan "looks great" less than a year earlier—memorialized the DRC's recommendation in writing and denied the development project application. See Ex. H (Letter from Planning and Building Agency). The letter claimed that using the Property for religious worship is inconsistent with the Flex-3 General Plan land use designation. Id. at 2. The Planning and Building Agency offered a threadbare explanation that the "land use designation is intended for large-scale officeindustrial flex spaces, multilevel corporate offices, clean industrial uses, small-scale manufacturing, and research and development uses in creative buildings and spaces." *Id.* It also claimed that the Flex-3 designation is "intended to act as a buffer between industrial uses and residentially zoned areas." Id.
- 37. Critically, the June 1 letter never explained how or why the proposed use for the Property (religious gatherings of less than 100 people) was inconsistent with the Flex-3 designation. See id. It merely claimed that "Staff's analysis determined that the proposed church use is not consistent with the Flex-3 General Plan Land Use Designation, nor with the intent of the general plan to provide context-appropriate development in areas with existing industrial uses." Id.

E. The Planning Commission Denies Anchor Stone's CUP **Application**

Having already purchased the Property and faced with this Hobson's choice, Anchor Stone elected to move forward with its CUP application. On June 9, 2023, shortly after receiving the DRC's denial letter, Anchor Stone appealed the DRC's denial of its development project application to the City's Planning Commission. See Ex. I (Anchor Stone's First Appeal). The appeal application explained that Anchor Stone, a California nonprofit religious corporation, intends to

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use the Property as its corporate headquarters and church campus—an allowed use under the Flex-3 designation—and that the denial letter "provides no rational or legal basis for its decision." Id.

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- On July 19, Anchor Stone submitted a CUP application for the Planning Commission's consideration. The Planning Commission held a hearing on Anchor Stone's appeal and CUP application on September 11, 2023. During the hearing, City planning staff told the Commission it is "unable to recommend approval of the applicant's request due to inconsistency with the General Plan, because the Flex-3 land use designation does not allow assembly uses such as a church."
- 40. In response, Anchor Stone counsel pointed out that the General Plan says nothing about "assembly," and the word "church" appears but once across the 83-page Land Use Element of the General Plan in an irrelevant aside.
- Anchor Stone counsel then cautioned the Commission to consider 41. RLUIPA, a federal law that was intended to address "local land use being implemented in a prejudicial way to religious organizations." Despite being the subject of a RLUIPA claim that same year, planning staff brushed off the caution, saying, "It's our position that RLUIPA is outside the scope of today's hearing."
- One commissioner went so far as to say that "churches are not intended to be in this area of the city." Recognizing that the quiet part had been said out loud, a fellow commissioner tried to walk back that comment, stressing that the General Plan prohibits assembly use rather than religious use.
- Another commissioner took offense to Anchor Stone invoking the 43. protections of federal law: "I'm somewhat offended, actually, by the use of the word 'discrimination' in here. This city has more churches than any other city in

 $^{^{1}}$ City of Santa Ana, $Planning\ Commission-Regular\ Meeting$, YouTube (Sept. 11, 2023),

https://www.youtube.com/live/hrubaJF1x7A?si=5AbCZp7wuur4pXTM&t=415.

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- the county. This is a very diverse community, and for somebody to say that they think that the people in this room created a code that discriminates against a church is fascinating to me. So I don't see what's wrong with the denial."
- Yet another commissioner accused Anchor Stone—presumably for raising RLUIPA—of being "adversarial," before going on to opine that: "[B]ased on this presentation, it seemed like we [Anchor Stone] want to be above the law, and we want to impose the way we think upon the city."
- 45. Anchor Stone's Secretary, Steven Lee, clarified that Anchor Stone loves the City and wishes only that the law be applied equally: "I want to emphasize that Anchor Stone Christian Church is not an adversary of the Santa Ana City; rather, we are devoted partners and friends. We have consistently demonstrated our commitment to the community through food donation drives that serve our low-income neighbors weekly. By establishing our roots here, we believe we can contribute even more to the city, addressing not only physical needs but also nurturing spiritual life with God's love and the teaching of the Gospel. We firmly believe that our presence at 2938 Daimler Street is God's will, and we are unwavering in our dedication to this mission and remain committed to serving Santa Ana City to the best of our ability."
- Following Mr. Lee's remarks, Santa Ana resident Michael Ellman spoke in support of Anchor Stone's application. Mr. Ellman is the business manager for Newport Church and runs its "Food With Love" program, a charitable initiative that, for last 8 years, has provided three to five thousand pounds worth of food every Friday to feed over 100 families in Santa Ana. Mr. Ellman explained that Anchor Stone approached Food With Love, offering to volunteer, and has volunteered their staff every Friday, handing out food and distributing it to the community. Mr. Ellman urged the Commission to approve Anchor Stone's application: "We [Food with Love] need all the help we can get."

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- In the end, Anchor Stone's pleas and community support were not enough: The Planning Commission voted 6-1 to deny Anchor Stone's CUP application. See Ex. J (Planning Commission Resolution on Anchor Stone's CUP). Three days later, on September 14, 2023, Anchor Stone filed its appeal to the City Council. See Ex. K (Anchor Stone's Second Appeal).
- On September 15, Anchor Stone reached out to City Councilmember Bacerra to arrange a meeting to discuss its CUP application. See Ex. L (Email Thread With Councilmember Bacerra). Councilmember Bacerra initially agreed to meet with Anchor Stone but later cancelled the meeting without explanation. *Id.* Anchor Stone's attempts to reschedule the meeting before the City Council hearing date were unsuccessful.

F. The City Council Hears and Denies Anchor Stone's Appeal

- The City Council heard Anchor Stone's appeal on November 21, 2023.² The discussion largely mirrored that of the Planning Commission hearing. Once again, Anchor Stone's counsel raised RLUIPA, noting its status as federal law that trumps City land use decisions. And once again, a councilmember expressed his offense at the mere mention of RLUIPA, noting "[i]t frustrates me because this city ... we keep seeing RLUIPA thrown at us as an excuse to circumvent our local laws, and why I find it offensive is that it asserts that we are somehow opposed to religious freedom Every time I hear [RLUIPA] thrown out there, that's a smack in our face."
- Later in the hearing, another councilmember bizarrely tried to paint Anchor Stone's proposed religious assembly use as a threat to "environmental justice," fretting that Anchor Stone's "assembly would actually increase traffic, noise, [and] pollution." The councilmember went on to note that "many of our low-

² City of Santa Ana, Santa Ana Council Meeting Nov. 21, 2023-English, YOUTUBE (Nov. 21, 2023), https://www.youtube.com/live/7orlJ7da5Q?si=dDqoGowlZ8JdgKgm&t=10850.

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income residents suffer from poor air quality" and "pollution in the dirt and land." Thus, she concluded, denying Anchor Stone's CUP is justified because of a generalized "compelling public health and safety interest."

- The claim that low-income residents would suffer because of a sub-50-51. member congregation meeting on Sundays for worship is preposterous on its face. This is especially true where the church is directly across the street from a much larger church, and is surrounded by businesses, offices, and other places where people publicly gather in far greater numbers.
- Ultimately, the City Council's mind was made up before the hearing even started: It voted 7-0 to deny Anchor Stone's appeal. See Ex. M (City Council Resolution on Anchor Stone's CUP) at 7.

G. The City Council Adopts a Resolution Denying Anchor Stone's **CUP**

- 53. The City Council adopted a resolution denying Anchor Stone's appeal. See Ex. M. The City Council based its decision on the fifth CUP factor found in the Santa Ana Municipal Code, finding that "the proposed use will adversely affect the general plan of the city or any specific plan applicable to the area of the proposed use." Id. at 3. Specifically, the City Council found that Anchor Stone's proposed religious assembly is inconsistent with (1) the General Plan's Flex-3 land use designation, (2) the 55 Fwy/Dyer Road Focus Area (specific plan), and (3) various land use policies found in the General Plan. *Id.* at 3–6.
- Before reaching the General Plan, the City Council resolution incorrectly asserts that "assembly uses such as churches located in the P zoning district require approval of a CUP." Id. at 1. It is true that the P zoning ordinance enumerates "churches" as one of the uses requiring a CUP, but it does not use the word "assembly" or otherwise suggest that assembly uses in general require a CUP. See Ex. B at 1–2. In fact, the P zoning district expressly allows several assembly

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- uses as of right: art galleries; museums and science centers; daycare centers; and freestanding restaurants, cafes, and eating establishments. *Id.* at 1.
- The resolution also falsely claims that Anchor Stone "did not engage 55. with the City regarding the permissibility of their proposed assembly use on the Property." Ex. M at 1. As demonstrated above, Anchor Stone not only met with City representatives, but even sent the City its proposed floor plan before purchasing the Property. The resolution then patronizingly states that it "is a fundamental responsibility of any party seeking to establish a new use, to proactively seek clarity on the regulatory and zoning requirements from City staff." *Id.* Notably, the resolution ignores that Anchor Stone did exactly that.
- Moving to the General Plan, the City Council resolution doubles down on the "assembly use" argument. The City incorrectly asserts that "the subject site is not suitable for the operation of community assembly, nor does [the Flex-3 designation] list community assembly-type uses as permissible under the land use designation." Id. at 3. Such an assertion conveniently denies the assembly inherent in the non-exhaustive list of allowed uses in the Flex-3 zone, including "corporate headquarters and campuses," as well as "commercial retail, artist galleries, [and] craft maker spaces." See Ex. C at LU-22, 56. The City has not clarified why it considers a small church to be an "assembly use" but not the allowed uses listed in the General Plan.
- The resolution then briefly addresses the 55 Fwy/Dyer Road Focus Area (specific plan), which is "intended to transition from an area that exclusively focused on professional office to an area that supports a range of commercial, and industrial/flex development." Ex. M at 4. Moreover, the area is "intended to reflect an urban intensity and design, with inspiring building forms and public spaces." Id. Interestingly, the resolution implies but never explicitly states that Anchor Stone's proposed church use is inconsistent with the General Plan's vision for the 55 Fwy/Dyer Road Focus Area. See id. For example, the resolution does not allege

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that Anchor Stone's proposed church is not an "inspiring building form [or] public space" or otherwise explain why a church use is inconsistent with the Focus Area.

- In what appears to be a final grasp for legitimacy, the City Council resolution raises a number of general policies found in the Land Use (LU) and Economic Prosperity (EP) elements of the General Plan of which Anchor Stone's church use supposedly runs afoul.
- First, Policy 1.1 of the LU "encourages compatibility between land uses to enhance livability and promote healthy lifestyles." *Id.* at 4. The resolution alleges that "introduction of a community assembly use and a Bible school to the existing office complex will generate noise, traffic and queuing, solid waste generation and circulation." *Id.* The resolution does not explain why these concerns are inapplicable to certain allowed uses like small-scale clean manufacturing, commercial retail, or multilevel corporate offices.
- 60. Second, Policy 4.1 of the LU "supports complete neighborhoods by encouraging a mix of complimentary uses, community services, and people places within a walkable area." Id. at 5. The resolution notes that "the nearest residential community is 0.3 miles away" and concludes, without explanation, "that "introduction of a religious institution in this site . . . will not encourage development of place-making within a walkable area." 3 Id.
- Third, Policy 1.9 of the EP "seeks to avoid potential land use conflicts by prohibiting the location of sensitive receptors and noxious land uses in close proximity." See Ex. N (General Plan Economic Prosperity Element) at EP-04; Ex. M at 5-6. Although the General Plan does not define "sensitive receptors," the resolution concludes that "[e]stablishing uses such as community assembly,

³ Placemaking "is the process of creating quality places that people want to live, work, play and learn- in." See Mark A. Wyckoff, Definition of Placemaking: Four Different Types, MICHIGAN STATE UNIVERSITY (Feb. 6, 2014), https://www.canr.msu.edu/news/lpis_mark_wyckoff_authors_article_on_four_diffe rent_types_of_placemaking.

Filed 02/05/25

- 8 See Ex. O (Brookhollow Business Park Map). Nor does it explain why any of the
- 9 allowed uses in the area, like daycare centers, would not be considered to introduce 10 sensitive receptors into the area.
 - Fourth and finally, Policy 2.3 of the EP "encourages the development of mutually beneficial and complementary business clusters within the community." Ex. N at EP-07. As evidence that Anchors Stone's proposed church use violates this policy, the resolution repeats the concerns about "sensitive receptors" and "land use conflicts stemming from noise, traffic, vibrations, queuing, solid waste generation and circulation." Ex. M at 6. Moreover, it concludes without explanation that community assembly use "is not considered among those that foster development of mutually beneficial and complementary business clusters within the community." Id.
 - The City's purported justifications for denying Anchor Stone's CUP 63. are inconsistent with each other and with the facts of the area around the Property, and the purported justifications are also inconsistent with the text of the General Plan. Particularly when considered in context of the City's consistent derision of RLUIPA claims, the justifications and their reliance on the purported prohibition on "community assembly" seem a veiled attempt to target Anchor Stone as a religious institution.

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H. **Anchor Stone's Injuries Continue to Mount**

Filed 02/05/25

64. Since Anchor Stone purchased the Property almost two and a half years ago, the City has prevented Anchor Stone from using it as a church. As a result of the City denying its CUP application, Anchor Stone has suffered monetary damages in excess of \$575,000 via lost tithing revenue and the following expenses: property taxes and insurance, utilities, HOA fees, mortgage interest, rent (for an alternative, temporary church building), legal services, and the cost of the CUP application itself. And more importantly, Anchor Stone's congregants—the lifeblood of the church—have been unable to use their new church home to worship God together.

CAUSES OF ACTION V.

Count I: Violation of RLUIPA's Substantial Burden Provision A.

- Anchor Stone realleges and incorporates by reference as though fully 65. set forth herein the contents of paragraphs 1 through 64, inclusive.
- The City violated RLUIPA's substantial burden provision by denying 66. Anchor Stone's CUP application, imposing a substantial burden on its religious exercise without meeting the requirements of strict scrutiny.
- The Religious Land Use and Institutionalized Persons Act of 2000 (42 67. U.S.C. § 2000cc et seq.) provides in pertinent part as follows:
 - (1) General Rule. No government shall impose or implement a land use regulation in a manner that imposes a substantial burden on the religious exercise of a person, including a religious assembly or institution, unless the government demonstrates that imposition of the burden on that person, assembly, or institution –
 - (A) is in furtherance of a compelling governmental interest; and
 - (B) is the least restrictive means of furthering that compelling governmental interest.
 - (2) Scope of application. This subsection applies in any case in which –

Case 8:25-cv-00215

- (C) the substantial burden is imposed in the implementation of a land use regulation or system of land use regulations, under which the government makes, or has in place formal or informal procedures or practices that permit the government to make, individualized assessments of the proposed uses for the property involved.
- Put simply, to establish a substantial burden claim under RLUIPA, the 68. plaintiff must show that (1) a qualifying land use regulation has (2) substantially burdened (3) the plaintiff's religious exercise. Once the plaintiff establishes these elements, the burden shifts to the defendant to show that its actions are (4) supported by a compelling interest and (5) the least restrictive means of achieving that interest.

1. **Qualifying Land Use Regulation**

- 69. Santa Ana's zoning laws and General Plan are a qualifying land use regulation under RLUIPA because they "permit the government to make individualized assessments of the proposed uses for the property involved."
- The Santa Ana Municipal Code provides that the City may grant 70. conditional use permits when it shall be deemed:
 - (1) That the proposed use will provide a service or facility which will contribute to the general well-being of the neighborhood or the community; and
 - (2) That the proposed use will not, under the circumstances of the particular case, be detrimental to the health, safety, or general welfare of persons residing or working in the vicinity; and
 - (3) That the proposed use will not adversely affect the present economic stability or future economic development of property in the surrounding area; and
 - (4) That the proposed use will comply with the regulations and conditions specified in this chapter for such use; and

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- (5) That the proposed use will not adversely affect the general plan of the city or any specific plan applicable to the area of the proposed use.
- These five factors, which the City considered in denying Anchor 71. Stone's CUP application, require an individualized assessment of a property's proposed use. See St. Timothy's Episcopal Church by & through Diocese of Oregon v. City of Brookings, 726 F. Supp. 3d 1231, 1243 (D. Or. 2024) (finding a CUP ordinance to be a qualifying land use regulation under RLUIPA because it "permits the City to take into account particular details of an applicant's use of land").

2. Substantial Burden on Religious Exercise

- This case involves the quintessential substantial burden on religious exercise: Anchor Stone Christian Church has been unable to gather each week at its Property for corporate worship because of the City's actions. As a result, tithing revenue has dropped and membership has plateaued. All the while, Anchor Stone has had to pay property taxes and other expenses for a Property it cannot even use for its intended purpose. Finding another suitable property for worship would entail substantial uncertainty, delay, and expense.
- Moreover, the City's reasons for denying Anchor Stone's application were arbitrary, such that they could easily apply to future CUP applications. For example, the City says Anchor Stone's "assembly use" is not allowed in the Flex-3 zone, but the General Plan never mentions "assembly." So it is unclear whether and where Anchor Stone can gather for religious assembly. Additionally, the City alleges that Anchor Stone's religious assembly use would "generate noise, traffic and queuing, solid waste generation and circulation." But these concerns apply regardless of location, so Anchor Stone has no assurance that the City will not raise them again should Anchor Stone find another location.

3. Compelling Interest

- 74. The facts of this case belie the City's claim that it has a compelling interest in preventing Anchor Stone from using its Property for religious assembly.
- 75. For example, the City says the Property is "not suitable for the operation of community assembly," but both the P zoning ordinance and Flex-3 designation expressly allow for various assembly-type uses like museums, daycare centers, restaurants, and commercial retail. The City does not have a compelling interest in allowing these uses but denying a similar use by Anchor Stone. *See Gonzales v. O Centro Espírita Beneficente União do Vegetal*, 546 U.S. 418, 430–32 (2006) (holding that strict scrutiny requires "look[ing] beyond broadly formulated interests . . . and scrutiniz[ing] the asserted harm of granting specific exemptions to particular religious claimants").
- 76. The City also says it is concerned with the traffic, pollution, and waste Anchor Stone would generate, but surely ten-story corporate offices and small-scale clean manufacturing—both allowed uses—would generate more. Further, such broadly formulated interests are insufficient to establish a compelling interest. *Id.* at 431.
- 77. Finally, the City has already granted a CUP to a much larger church across the street, which has operated without issue for several years now. The presence of another church across the street shows that the City is "leav[ing] appreciable damage to [its] supposedly vital interest unprotected" and therefore lacks a compelling interest. *Church of Lukumi Babalu Aye, Inc. v. Hialeah*, 508 U.S. 520, 547 (1993)
- 78. In sum, the City's purported concerns with Anchor Stone's proposed religious assembly use apply with equal or greater force to many of the allowed and existing uses in the P zoning district and Flex-3 area and show that the City's justifications are merely pretext. Were the City's interest truly compelling, it would prohibit many of the uses it now allows.

4. Least Restrictive Means

79. Even if the City had a compelling interest, its wholesale denial of Anchor Stone's CUP would not be the least restrictive means to achieve that interest. A less restrictive means could involve conditions on granting the CUP—say, limiting assembly use on weekdays when neighboring establishments are operating. Instead, the City categorically denied Anchor Stone's CUP, making no effort to negotiate with Anchor Stone or explore solutions that would address the concerns and interests of both parties.

5. **Request for Relief**

80. Because the City substantially burdened Anchor Stone's religious exercise without satisfying the requirements of strict scrutiny, it violated RLUIPA's substantial burden provision. As a result of this violation, Anchor Stone is entitled to the following relief: (1) a preliminary injunction enjoining the City from preventing Anchor Stone from assembling for worship at the Property and from carrying out its proposed interior property renovations pending the resolution of this action; (2) a declaratory judgment that the City violated RLUIPA's substantial burden provision; (3) a mandatory injunction requiring the City to grant Anchor Stone's CUP application and development project application; (4) monetary damages in excess of \$575,000, in the specific amount to be proven at trial; (5) nominal damages in an amount to be determined by the Court; (6) attorney's fees under all applicable federal statutes; (7) costs of suit; and (8) other relief as the Court deems proper.

B. Count II: Violation of RLUIPA's Equal Terms Provision

- 81. Anchor Stone realleges and incorporates by reference as though fully set forth herein the contents of paragraphs 1 through 64, inclusive.
- 82. The City's Professional (P) zoning ordinance violates RLUIPA's equal terms provision because it requires churches to obtain a conditional use permit but not secular assemblies.

Case 8:25-cv-00215

- 83. RLUIPA's equal terms provision provides that "[n]o government shall impose or implement a land use regulation in a manner that treats a religious assembly or institution on less than equal terms with a nonreligious assembly or institution." 42 U.S.C. § 2000cc(b)(1). "The equal terms provision contemplates both facial and as-applied challenges." New Harvest Christian Fellowship v. City of Salinas, 29 F.4th 596, 604 (9th Cir. 2022), cert. denied, 143 S. Ct. 567 (2023).
- Santa Ana's Professional (P) zoning ordinance violates the equal terms 84. provision on its face because it requires religious assemblies to obtain a conditional use permit but not secular assemblies. The P zoning ordinance lists "churches and accessory church buildings" as one of the uses requiring a conditional use permit. The ordinance itself does not explain why churches need a CUP when other assembly uses are allowed as a matter of right. According to the City Council, the P zoning district merely requires that all "assembly uses such as churches" obtain a CUP. But among the uses permitted as of right in the P district are various secular assemblies: art galleries; museums and science centers; daycare centers; and freestanding restaurants, cafes, and eating establishments.
- Because the City's treatment of religious and secular assemblies is unequal on the face of the P zoning ordinance, the City now has the burden to show that some "accepted zoning criteria' justifies the exception of religious organizations in the 'as of right' ordinance provision." Centro Familiar Cristiano Buenas Nuevas v. City of Yuma, 651 F.3d 1163, 1173 (9th Cir. 2011).
- The City's unequal treatment of Anchor Stone is not reasonably well 86. adapted to the zoning criteria it purports to serve and therefore violates RLUIPA's equal terms provision.
- Because the City's P zoning ordinance treats religious assemblies on less than equal terms with nonreligious assemblies, it violates RLUIPA's equal terms provision. As a result of this violation, Anchor Stone is entitled to the following relief: (1) a preliminary injunction enjoining the City from preventing

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Anchor Stone from assembling for worship at the Property and from carrying out its proposed interior property renovations pending the resolution of this action; (2) a declaratory judgment that the City's Professional (P) zoning ordinance violates RLUIPA's equal terms provision; (3) a permanent injunction requiring the City to cease enforcement of the P zoning ordinance's requirement that churches obtain a CUP; (4) a mandatory injunction requiring the City to grant Anchor Stone's CUP application and development project application; (5) monetary damages in excess of \$575,000, in the specific amount to be proven at trial; (6) nominal damages in an amount to be determined by the Court; (7) attorney's fees under all applicable federal statutes; (8) costs of suit; and (9) other relief as the Court deems proper.

Filed 02/05/25

C. **Count III: Violation of the First Amendment to the United Sates Constitution**

- 88. Anchor Stone realleges and incorporates by reference as though fully set forth herein the contents of paragraphs 1 through 64, inclusive.
- The City violated the First Amendment to the United States 89. Constitution by denying Anchor Stone's CUP application, imposing a burden on its religious exercise without meeting the requirements of strict scrutiny.
- The Free Exercise Clause of the First Amendment provides that 90. "Congress shall make no law . . . prohibiting the free exercise [of religion]"
- 42 U.S.C. § 1983 provides the procedural mechanism for enforcing the First Amendment against state and local governments. It provides: "Every person who, under color of any statute, ordinance, regulation, custom, or usage, of any State or Territory or the District of Columbia, subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress."

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92. In the context of land use regulations, the elements of a Free Exercise claim are similar to those of a RLUIPA substantial burden claim. Strict scrutiny applies when the defendant (1) burdened the plaintiff's religious exercise (2) pursuant to a policy that is not neutral or generally applicable.

1. **Burden on Religious Exercise**

93. Here, the City has burdened Anchor Stone's religious exercise. By denying Anchor Stone's CUP application, the City has prevented Anchor Stone from using its Property for corporate worship. And as explained above, finding and purchasing an alternative property would entail substantial uncertainty, delay, and expense.

2. **General Applicability**

- Santa Ana's land use regime is not generally applicable. A law is not 94. generally applicable if it "invites the government to consider the particular reasons for a person's conduct by providing a mechanism for individualized exemptions." Fulton v. City of Philadelphia, Pennsylvania, 593 U.S. 522, 533 (2021) (cleaned up). Here, in deciding to deny Anchor Stone's CUP application, the City considered the particular characteristics of and proposed uses for Anchor Stone's Property.
- 95. This Court's precedents confirm that a city's CUP application review process is not generally applicable. In Cottonwood Christian Center, this Court held that "although the original adoption of a zoning map may be legislative," a city's actions on a CUP application "are quasi-judicial decisions wherein a municipal agency is required to hold public hearings, take testimony from the affected landowners, and make specific factual findings." Cottonwood Christian Ctr. v. Cypress Redevelopment Agency, 218 F. Supp. 2d 1203, 1223 (C.D. Cal. 2002). Thus, a city's CUP decision is not a generally applicable law such that it can escape strict scrutiny.

- "A law also lacks general applicability if it prohibits religious conduct 96. while permitting secular conduct that undermines the government's asserted interests in a similar way." Fulton, 593 U.S. at 534. Santa Ana's land use regime fails on this account too. As demonstrated above, Santa Ana's asserted interests minimizing assembly, traffic, pollution, etc.—apply with equal or greater force to many of the existing or allowed secular uses in the P zone and Flex-3 area.
- Further, "government regulations are not neutral and generally applicable . . . whenever they treat any comparable secular activity more favorably than religious exercise." Tandon v. Newsom, 593 U.S. 61, 62 (2021). The City's code treats all of the following comparable secular uses more favorably than the Church's religious use by allowing them to operate as a matter of right: art galleries; museums and science centers; daycare centers; and freestanding restaurants, cafes, and eating establishments. This differential treatment means the City's land use regime is neither neutral nor generally applicable.

Strict Scrutiny 3.

- Because the City's CUP review process is not generally applicable, and its denial decision burdened Anchor Stone's religious exercise, strict scrutiny applies. Under strict scrutiny, a challenged government action must be set aside unless the government can show that its action was narrowly tailored to achieve a compelling governmental interest.
- 99. The City's denial of Anchor Stone's CUP fails strict scrutiny on the First Amendment claim for the same reason it fails on the RLUIPA substantial burden claim.
- 100. First, the City's purported interests in minimizing assembly, traffic, pollution, land use conflicts, and waste generation are "broadly formulated interests" that are not compelling as a matter of law. See Fulton, 593 U.S. at 541. Even if they were, the City has failed to vigorously protect those interests by allowing various uses like commercial retail and corporate campuses that

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undermine those interests to a greater degree than a small church like Anchor Stone would. See Espinoza v. Montana Dep't of Revenue, 591 U.S. 464, 486 (2020) (holding a law that was "fatally underinclusive" failed to satisfy strict scrutiny).

Second, even if the City's interests were compelling, its wholesale denial of Anchor Stone's CUP application is not narrowly tailored to achieve those interests. See Fulton, 593 U.S. at 541 ("[S]o long as the government can achieve its interests in a manner that does not burden religion, it must do so.").

4. **Request for Relief**

- Because the City burdened Anchor Stone's religious exercise without 102. satisfying the requirements of strict scrutiny, it violated the First Amendment to the United States Constitution. As a result of this violation, Anchor Stone is entitled to the following relief: (1) a preliminary injunction enjoining the City from preventing Anchor Stone from assembling for worship at the Property and from carrying out its proposed interior property renovations pending the resolution of this action; (2) a declaratory judgment that the City violated the First Amendment; (3) a mandatory injunction requiring the City to grant Anchor Stone's CUP application and development project application; (4) monetary damages in excess of \$575,000, in the specific amount to be proven at trial; (5) nominal damages in an amount to be determined by the Court; (6) attorney's fees under all applicable federal statutes; (7) costs of suit; and (8) other relief as the Court deems proper.
- 103. Anchor Stone is also entitled to punitive damages against the individual City Council members on its Free Exercise claim. Punitive damages are available against individual local officials under 42 U.S.C. § 1983 "when the [official's] conduct is shown to be motivated by evil motive or intent, or when it involves reckless or callous indifference to the federally protected rights of others." Smith v. Wade, 461 U.S. 30, 56 (1983). Here, the City Council exhibited reckless and callous indifference to Anchor Stone's rights under the First Amendment and RLUIPA during the city council hearing and generally in denying Anchor Stone's

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- CUP application. Beyond expressing offense at the invocation of RLUIPA, the
- City Council did nothing to address Anchor Stone's RLUIPA or First Amendment

Filed 02/05/25

- arguments at the hearing or in its resolution despite Anchor Stone raising the issue
- multiple times. The City Council's indifference to Anchor Stone's federally
- protected rights is particularly egregious considering it recently settled *Micah's*
- Way—a case involving similar religious land use issues—after this Court denied
- the City's motion to dismiss.

REQUEST FOR RELIEF VI.

Anchor Stone requests the following relief:

- 1. Preliminary injunction enjoining the City from the following during the pendency of this action: (1) preventing Anchor Stone from assembling for worship at its property and (2) preventing Anchor Stone from carrying out its proposed interior property renovations;
- Declaratory judgment that the City violated RLUIPA's substantial 2. burden provision and the Free Exercise Clause of the First Amendment by denying Anchor Stone's CUP application;
- Mandatory injunction requiring the City to grant Anchor Stone's CUP 3. application and development project application;
- 4. Declaratory judgment that the City's Professional (P) zoning ordinance violates RLUIPA's equal terms provision on its face by requiring churches to obtain a CUP but not similarly situated secular assemblies;
- Permanent injunction requiring the City to cease enforcement of the P 5. zoning ordinance's requirement that churches obtain a CUP;
- Monetary damages in excess of \$575,000, in the specific amount to be 6. proven at trial;
 - 7. Punitive damages in an amount to be determined by the Court;
 - 8. Nominal damages in an amount to be determined by the Court;
 - Attorney's fees under all applicable federal statutes; 9.

1 **DEMAND FOR JURY TRIAL** 2 Pursuant to Federal Rule of Civil Procedure 38(b), Plaintiff Anchor Stone hereby demands a trial by jury of all issues triable by a jury in this action. 3 4 5 Dated: February 5, 2025 BY: /s/ Nora N. Salem 6 Nora N. Salem 7 SBN 307968 O'MELVENY & MYERS LLP 8 Newport Beach, CA 9 10 BY: /s/ Timothy S. Durst 11 Timothy S. Durst (pro hac vice forthcoming) 12 O'MELVENY & MYERS LLP 13 Dallas, Texas 14 15 BY: /s/ Jeremiah G. Dys Jeremiah G. Dys 16 (pro hac vice forthcoming) 17 FIRST LIBERTY INSTITUTE Plano, TX 18 19 Attorneys for Plaintiff Anchor Stone 20 21 22 23 24 25 26 27 28 33