

# **Bond Case Briefs**

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## **TAX - NEW YORK**

### **Tax Equity Now N.Y. LLC v. City of New York**

**Court of Appeals of New York - March 19, 2024 - N.E.3d - 2024 WL 1160498 - 2024 N.Y. Slip Op. 01498**

Association of owners and renters of real property brought action for declaratory and injunctive relief against State, State Office of Real Property Tax Services, New York City, and New York City's department of finance, alleging that city's property tax system violated the federal Fair Housing Act (FHA) and federal and state constitutional and statutory mandates requiring property taxes to be imposed uniformly within each property class and reflect fair and realistic value of property involved.

The Supreme Court, New York County, denied motion of city and department to dismiss for failure to state a claim, but granted in part, and denied in part, motion of State and Office to dismiss for failure to state a claim. Defendants separately appealed, and association cross-appealed. The Supreme Court, Appellate Division, affirmed as modified. Association successfully moved for leave to appeal.

The Court of Appeals held that:

- Under the Real Property Tax Law (RPTL), city was required to account for increases in market values within the same class by adjusting the fractional assessment rate based on how the statutory caps suppressed the fair market estimate later in the tax process;
- Association stated a claim that, as to city's assessments of condominiums and cooperatives as if they were rentals, city violated RPTL's provision requiring all real property in each assessing unit to be assessed at a uniform percentage of value, i.e., a fractional assessment, and also violated provision that mandated that condominiums and cooperatives be assessed as if they were rental properties;
- Association stated a claim that city's property tax system violated the FHA by disproportionately burdening racial minorities;
- Association stated a claim that city's property tax system perpetuated existing segregation throughout the city in violation of the FHA;
- Article 18 of the RPTL did not violate equal protection;
- Association failed to state a claim that the city's property tax system violated due process;
- Association failed to state a claim that city's property tax system violated New York Constitution's provision that the legislature was to provide for the supervision, review, and equalization of assessments for purposes of taxation; and
- Association failed to state any claims against the State or the State Office of Real Property Tax Services.