



CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
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EXECUTIVE DEPUTY COMPTROLLER
FOR BUDGET AND FINANCE

EXECUTIVE OFFICE

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By Electronic Mail

Preston Niblack, Commissioner
New York City Department of Finance
1 Centre Street, New York, NY 1007

Jacques Jiha, Ph.D., Director
New York City Office of Management and Budget
255 Greenwich Street, New York, NY 10007

Re: Circumvention of the Administrative Appeals Process for Real Property Tax Assessments

Dear Commissioner Niblack and Director Jiha:

I am writing to bring to your attention a significant concern identified in our recent audit of the Office of Administrative Tax Appeals' (OATA) handling of real property assessment appeals. While the audit found that OATA generally processes scheduled appeals in an equitable manner, it also revealed a pattern of conduct by certain property owners that effectively circumvents the City's administrative appeals process for real property tax assessments.

As detailed in the audit, many Class 1 property owners have been filing an administrative appeal with OATA—thus satisfying the technical prerequisite for judicial review—but then requesting “no further review” before OATA issues any determination. This preserves their eligibility to file a Small Claims Assessment Review (SCAR) petition in State Supreme Court while avoiding a substantive administrative decision by OATA. The data show that this path is being used at substantial scale and with strikingly different outcomes from those produced by OATA.

Across Tax Years 2023–24 and 2024–25, only a small share of Class 1 applicants who completed the OATA process received a reduction in their assessed value, while a very high percentage of those who discontinued their OATA appeal and then pursued SCAR obtained reductions from the court. In aggregate, around one in ten Class 1 applicants who saw their appeals through at OATA received a reduction, compared with well over nine in ten of those who proceeded by way of SCAR. This pattern strongly suggests that applicants and their representatives are “forum shopping” between the City's independent administrative body and State court, exploiting a loophole in the current framework that allows them to initiate—but not complete—the administrative review and still qualify for SCAR.

We view this as a circumvention of the intended administrative appeals process with several serious implications. First, it undermines the role of OATA as the City's specialized, independent body charged with providing fair and consistent review of real property tax assessments. Second, it introduces inequities among property owners, favoring those who have the knowledge and resources to strategically navigate

the process. Third, it poses risks to the integrity and predictability of the City's property tax base, as a potentially large volume of assessment changes may be occurring outside the City's primary administrative review framework, with methods and standards that may not align with those used by DOF and OATA.

The audit therefore recommends that OATA consult with the Department of Finance, the Office of Management and Budget, and other relevant stakeholders to determine whether the property tax principles applied by SCAR hearing officers are consistent with those used by OATA, and whether steps should be taken to close the loophole that permits property owners to request "no further review" and nonetheless proceed to SCAR.

In light of these findings, I respectfully urge your offices to:

- 1. Assess fiscal and equity impacts.** Quantify the budgetary and distributional impact of the current pattern of SCAR reductions relative to OATA determinations, particularly for Class 1 properties, and identify any emerging risks to the stability of the property tax base.
- 2. Evaluate policy and procedural options.** In coordination with OATA, the Law Department, and the Mayor's Office of Risk Management and Compliance, examine options to deter circumvention of the administrative process. This may include clarifying the consequences of "no further review" requests, improving public guidance and forms used by DOF and OATA, and, where necessary, supporting State-level statutory or rule changes to require completion of the administrative review prior to SCAR eligibility.
- 3. Promote consistency of standards.** Work with OATA and the State Office of Court Administration to review whether valuation principles and evidentiary standards applied in SCAR proceedings are consistent with those used by DOF and OATA, and to consider training, guidance, or other measures to minimize inconsistent or duplicative outcomes.

Our office stands ready to collaborate with DOF and OMB on this effort. I respectfully request that you designate appropriate staff to engage with the Comptroller's Bureau of Audit and OATA to review the audit's findings and recommendations, and to develop a plan of action to address the identified loophole and its implications for fairness and fiscal stability.

Thank you for your attention to this matter and for your continued partnership in safeguarding the integrity and equity of New York City's property tax system.

Sincerely,



Francesco Brindisi
Executive Deputy Comptroller for Budget and Finance

cc: Maura Hayes-Chaffe, Deputy Comptroller for Audit
Neil Schaier, President and Commissioner, Office of Administrative Tax Appeals
Robert Firestone, Commissioner, Tax Appeals Tribunal
Jean-Claude LeBec, Director, Mayor's Office of Risk Management and Compliance
Doug Giuliano, Deputy Director, Mayor's Office of Risk Management and Compliance