

**IN THE CIRCUIT COURT OF JACKSON COUNTY, MISSOURI, AT KANSAS CITY  
SIXTEENTH JUDICIAL CIRCUIT**

Westside Neighborhood Association,	)	
	)	
Vineyard Neighborhood Association,	)	
	)	
Ivanhoe Neighborhood Council, and	)	
	)	
Washington Wheatley Neighborhood Improvement Association,	)	
	)	
Plaintiffs,	)	Cause No.
	)	
v.	)	Div.
	)	
Gail McCann Beatty, in her official capacity as Director of the Assessment Department for Jackson County, Missouri, and	)	
	)	
Jackson County, Missouri,	)	
	)	
	)	
Defendants.	)	

**PETITION FOR DECLARATORY AND INJUNCTIVE RELIEF**

**INTRODUCTION**

1. In Missouri, real property is assessed for tax purposes on a two-year cycle. Values are placed on properties in odd-numbered years and remain on the property for the following even-numbered year. Physical changes to property affecting value may be reflected on the tax rolls during even-numbered years, but changes because of market conditions are made only during the biannual reassessment in odd-numbered years.

2. Jackson County, like other counties in Missouri, participates in this two-year assessment cycle.

3. The Jackson County Assessment Department (“Assessor”) determines the “market value” of a property for tax assessment purposes. “Market value” is the price a home would bring from someone who wanted (but is not forced) to buy that home from someone who wanted (but is not forced) to sell it.

4. When properties were reassessed in 2019, many minority homeowners in Jackson County experienced an unprecedented increase in their property taxes. The reassessment of real property in Jackson County was not uniform by any reasonable measure, despite the Assessor’s obligation to “assure [that] assessments are as uniform as possible.” *See* “How the Tax is Determined,” <https://stc.mo.gov/wp-content/uploads/sites/5/2017/01/Property-Reassessment-Pamphlet-1-18-16.pdf>; p. 3.

5. As part of the reassessment process, by state statute, the Assessor is barred from increasing the assessed value of a residential property by more than 15%, unless she “conduct[s] a physical inspection of such property.” RSMo. § 137.115.10.

6. Moreover, the Assessor must provide notice of a physical inspection: “if a physical inspection is required, ... the assessor shall notify the property owner of that fact in writing and shall provide the owner clear written notice of the owner’s rights relating to the physical inspection. If a physical inspection is required, the property owner may request that an interior inspection be performed during the physical inspection.” RSMo. § 137.115.11.

7. In 2019, the Assessor used a mass valuation formula to assess the market value of properties in Jackson County, and that formula resulted in higher taxes for many: under the formula, just under one-third of properties in the county should have been valued high enough that their taxes would increase more than 15%.

8. Nonetheless, the Assessor did not value all of the properties marked for a greater-than-15% increase at those higher rates. Instead, cognizant of the statutory physical-inspection requirement, the Assessor capped increases at 14.9% for some properties rather than conducting a physical inspection.

9. However, the Assessor did not apply the 14.9% cap evenly across neighborhoods. To the contrary, she applied the cap to many more properties in majority-white neighborhoods than in majority-Black and Hispanic neighborhoods. In other words, many more properties in majority-white neighborhoods were beneficiaries of a 14.9% cap on their tax increase than properties in majority-Black and Hispanic neighborhoods, which saw unprecedented and disproportionate increases in their taxes.

10. Throughout this Petition, the Assessor's policy and practice of applying the physical-inspection statute unevenly across neighborhoods so as to disproportionately and adversely affect majority-Black and Hispanic neighborhoods will be referred to as "the 14.9% cap" policy.

11. Plaintiffs bring this action to challenge the unlawful 14.9% cap policy.

12. Plaintiffs bring this suit pursuant to 42 U.S.C. §§ 3601-3619, the Fair Housing Act of 1968, which covers post-acquisition practices, including real property tax assessment policies.

13. Plaintiffs seek declaratory and injunctive relief against defendants. Specifically, Plaintiffs seek: (a) a declaration that the inequitable application of the 14.9% cap found in RSMo. § 137.115.10 violates the Fair Housing Act; and (b) a permanent injunction directing defendants to apply the 14.9% cap in a manner that does not cause an unlawful disparate impact

or discriminatory effect on residents of Jackson County because of their race, color, or national origin.

14. The Fair Housing Act was enacted in 1968 to combat and prevent segregation and discrimination in housing. In commemorating the 40th anniversary of the Fair Housing Act and the 20th anniversary of the Fair Housing Amendments Act, the House of Representatives reiterated that “the intent of Congress in passing the Fair Housing Act was broad and inclusive, to advance equal opportunity in housing and achieve racial integration for the benefit of all people in the United States.” H. Res. 1095, 110th Cong., 2d Sess., 154 Cong. Rec. H2280-01 (April 15, 2008), 2008 WL 1733432. *See also* the preamble to the November 16, 2011, proposed rule at 76 Fed. Reg. 70922.

15. The FHA has long been “interpreted ... to prohibit practices that have an unjustified discriminatory effect, regardless of intent.” Implementation of the Fair Housing Act’s Discriminatory Effects Standard, 78. Fed. Reg. 11460-01 (Feb. 15, 2013); *see also* the preamble to the proposed rule at 76. Fed. Reg. 70922-23) (Nov. 16, 2011).

16. Because of the ongoing uneven and unlawful application of the 14.9% cap in Jackson County, housing has been and will be made unavailable to the residents of the Plaintiff organizations and Plaintiffs have been and will continue to be required to shift their resources from their regular day-to-day activities in order to assist their members and the public as they attempt to understand how to alleviate the burdens of the inequitable property tax increases in their communities.

## THE PARTIES

### **Plaintiffs**

#### ***Westside Neighborhood Association***

17. Westside Neighborhood Association was organized in 1972. The purpose of the Westside Neighborhood Association is to promote the interests of the Westside residents. Westside's boundaries are Broadway on the east, Beardsley Road/Allen Avenue/Southwest Boulevard on the west, 13th Street on the north, and 31st Street on the south. Westside Neighborhood Association is a membership organization. Westside's members and leadership focus their efforts on issues related to housing, crime and safety, health, education, economic development, and neighborhood revitalization. Many of Westside's members own their homes, pay property taxes in Jackson County, and saw an increase in their property taxes following the 2019 assessment.

#### ***Vineyard Neighborhood Association***

18. Vineyard Neighborhood Association was organized in 1969. Vineyard's boundaries are Emanuel Cleaver II on the east, Cleveland Avenue on the west, 39th Street on the north, and Brush Creek Boulevard/Cleaver II on the south. Vineyard is a membership organization with a mission to improve the Vineyard neighborhood. Vineyard has committees that focus their efforts on crime and safety, finance, housing, membership, public relations, and youth advocacy. Vineyard's members reside within the boundaries previously identified and many of Vineyard's members own their homes, pay property taxes in Jackson County, and saw an increase in their property taxes following the 2019 assessment.

### ***Ivanhoe Neighborhood Council***

19. Ivanhoe Neighborhood Council was organized in 1967 and re-organized in 1997 as a 501(c)(3) organization with a mission to build a clean, beautiful, safe, and thriving neighborhood. Ivanhoe's boundaries are Prospect Avenue on the east, The Paseo on the west, 31st Street on the north, and Emanuel Cleaver II Boulevard on the south. Ivanhoe is a membership organization and governed by a board of directors. The organization's four major committees share responsibility for the implementation of Ivanhoe's Strategic Plan. The committees address the major areas required to change lives and revitalize the community, which include: economic development, capacity building, housing, beautification, and enrichment for families, youth, and senior citizens. Ivanhoe's members reside within the boundaries previously identified. Ivanhoe and many of its members own homes, pay property taxes in Jackson County, and saw an increase in their property taxes following the 2019 assessment.

### ***Washington Wheatley Neighborhood Improvement Association***

20. Washington Wheatley Neighborhood Improvement Association was formed in 1980. The mission of Washington Wheatley is to protect and preserve the integrity of the neighborhood. Washington Wheatley's boundaries are I-70 on the east, Prospect Avenue on the west, 18th Street on the north, and 27th Street on the south. Washington Wheatley is a membership organization. Washington Wheatley has committees that focus their efforts on housing, and crime and safety. Many of Washington Wheatley's members own their homes, pay property taxes in Jackson County, and saw an increase in their property taxes following the 2019 assessment.

## **Defendants**

21. Defendant Gail McCann Beatty is sued solely in her official capacity as Director of the Jackson County Assessment Department. As Director, Beatty is responsible for the valuation of all real and personal property in Jackson County.

22. Defendant Jackson County, Missouri, is a political subdivision of the State of Missouri. The Assessment Department is a department created by the county's charter and the director is appointed and removed by the county executive.

23. All defendants named above are, and at all relevant times have been, acting under color of state law, and are sued in their official capacities.

## **General Allegations**

24. In every odd-numbered year, real property in Jackson County, Missouri, is reassessed for property tax purposes by the Assessment Department of Jackson County.

25. In 2019, the approximately 296,000 real properties in Jackson County were reassessed.

26. Reassessment is an update of all real property assessments in the County, conducted by the Assessment Department to equalize values among taxpayers and to adjust values to the current market conditions.

27. Pursuant to the Missouri Constitution, all assessments for property tax purposes must be based upon market value and be "uniform within the same class and subclass of property." Missouri Constitution, Article 10, § 3.

28. Reassessment of property values is meant to ensure that each taxpayer is taxed fairly and that their property is taxed at a rate the same as other comparable properties.

29. Although this is what reassessment is meant to do, the 2019 reassessments did no such thing.

30. In 2019, nearly 24,000 homes (nearly 10% of all Jackson County homes) were assessed at double—or more—of their 2018 value. That represents a marked increase in large jumps in assessments compared to prior years.

31. If a property owner is not able to pay their property taxes based on the County's reassessments, and thereby has delinquent taxes that continue for three years, that property owner will face a tax foreclosure process starting in the third year of delinquency, pursuant to which their home will be sold at a foreclosure sale resulting in the eviction of the homeowner and any other occupants living in the home.

32. Following the drastic and unprecedented increase in assessed value for thousands of homes in Jackson county, the Assessor was inundated with requests to review its assessments. It received more than 22,000 requests for informal review and approximately 18,000 formal appeals.

33. An informal review request is made to the Jackson County Assessment Department by completing the Informal Review request form. The deadline for informal reviews was June 24, 2019.

34. A formal appeal is made to the Board of Equalization and the deadline for filing was July 8, 2019, a deadline that was later extended to July 29, 2019. On July 30, 2019, resulting from the continuing unprecedented inundation of appeals, this deadline was extended to September 3, 2019.

35. Board of Equalization appeals are ongoing as of the date of this Petition, and several thousand of these appeals will remain unresolved before final property tax bills are mailed to taxpayers in advance of the December 31, 2019 payment deadline.

36. Following a decision from the Board of Equalization, a resident can appeal to the State Tax Commission. The deadline for this appeal is September 30, 2019, or within 30 days from the Board of Equalization's decision, whichever is later.

37. As noted, Missouri law prohibits the assessor from increasing a property's value by more than 15% without first providing notice and conducting a physical inspection of the property.

38. In 2019, some 28% of properties in Jackson County received an assessment increase of 14.9% (i.e., the 14.9% cap), just below the 15% mark that would trigger the physical-inspection requirement.

39. In October 2019, Defendant Beatty was called to testify before a special Missouri House committee tasked with investigating Jackson County's assessment methods.

40. Defendant Beatty told the committee that the mass-assessment formula her office utilizes to determine which properties should receive tax increases resulted in many properties (approximately 30% of the total properties in Jackson County) that, in the Assessor's view, should have received an increase greater than 15%. However, because her office is purportedly under-resourced, she decided to apply the 14.9% cap to some properties rather than conducting the statutorily required physical inspection that would have otherwise resulted a higher -than-15% increase.

41. The 14.9% cap, however, was not applied evenhandedly or lawfully.

42. Moreover, for the properties that received an increase higher than 15%, a physical inspection was not completed by the Assessment Department as required by statute. Indeed, Defendant Beatty admitted that her office did not actually visit the properties that received a higher-than-15% increase. Defendant Beatty has asserted that reviewing Google Street View photographs is enough to meet the physical-inspection requirement.

43. Additionally, it is also clear that section 137.115.11 requires that each homeowner whose property is marked for a greater than 15% assessment be notified in writing, in advance, and given the opportunity to request an interior inspection of their property. This did not occur.

44. Tax rates were certified to the Jackson County clerk in September and October 2019 for all local governments.

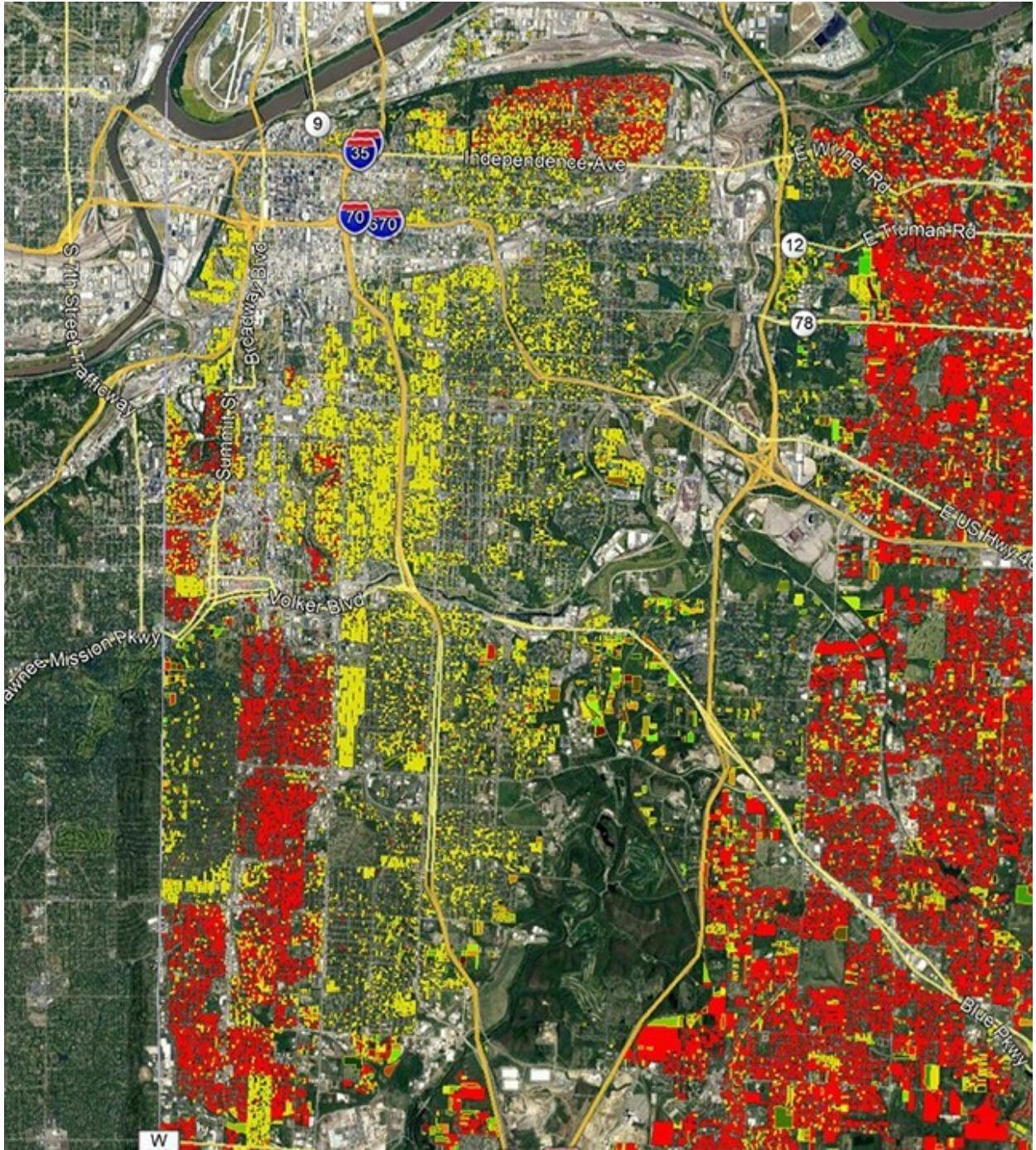
45. In accordance with the standard promulgated by the International Association of Assessing Officers (“IAAO”), a statistical review, also known as “ratio study,” was done in September and October 2019.

46. The ratio study shows substantial racialized discrepancy in the application of the 14.9% cap demonstrating a disparate impact and discriminatory effect on majority-Black and Hispanic residents.

47. For this ratio study, majority-Black and Hispanic neighborhoods—a category that includes all of the neighborhoods represented by the Plaintiff organizations—were compared to majority-white neighborhoods. This comparison shows that, in the majority-white area, **54.5%** of properties marked by the assessor’s office for a greater than 15% increase received the benefit of the 14.9% cap. However, in the majority-Black and Hispanic area, just **1.33%** of the properties marked for a greater than 15% increase received the benefit of the 14.9% cap.

48. The below map of a portion of Jackson County shows red indicators highlighting properties where assessments were capped at 14.9%, while the yellow indicators highlight assessments that topped 50%.

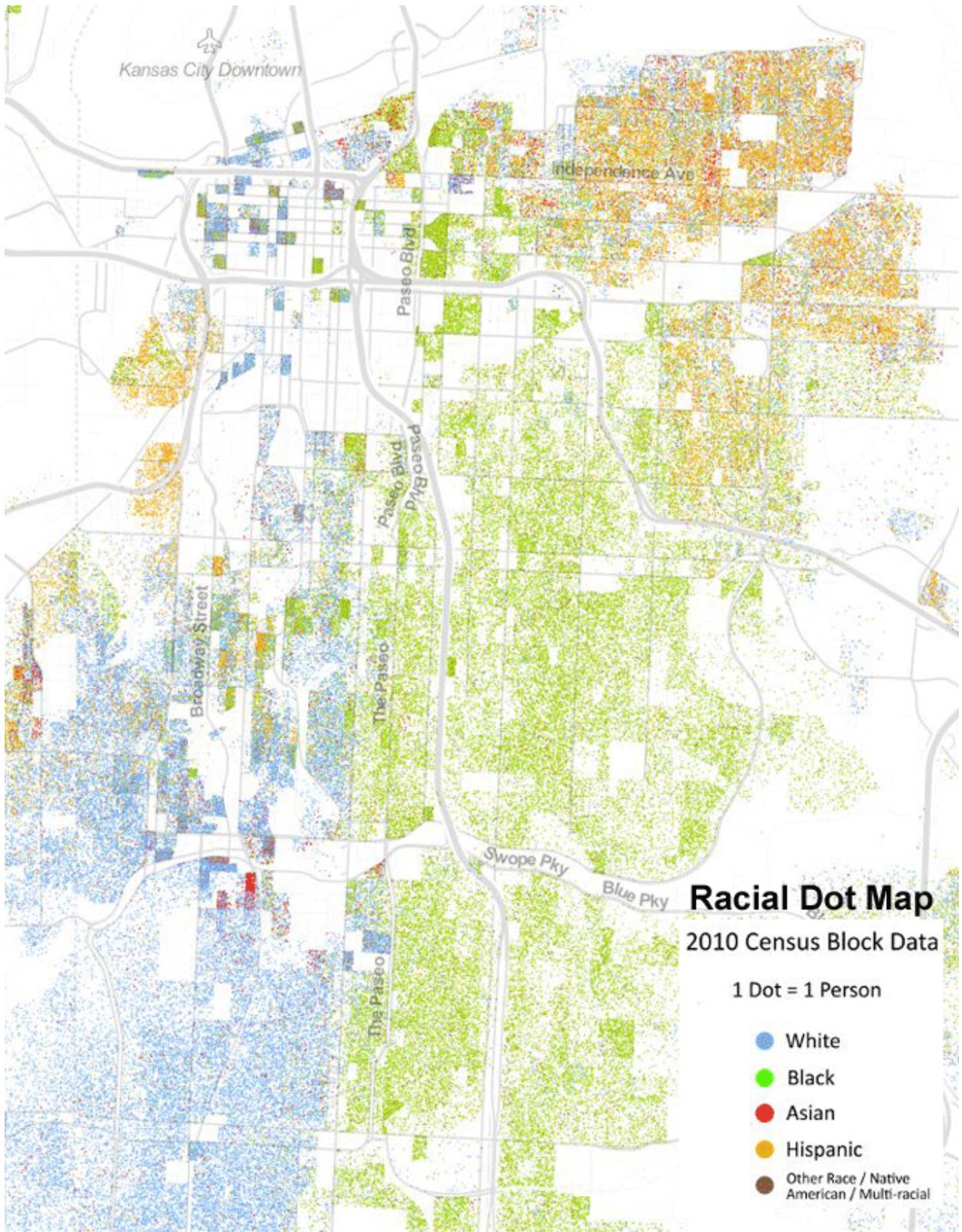
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49. The map below uses aggregated data from the Census Bureau at the level of census tract, showing residents in Jackson County by race and ethnicity. Blue dots are white residents; green dots are Black residents; orange/yellow dots are Hispanic or Latino residents; red dots are Asian residents; and brown dots are “other” or residents who do not fit into one of the previously noted categories.

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50. Defendant Beatty's ongoing policy and practice of applying the 14.9% cap unevenly caused a much higher percentage of properties in the majority-white area than in the majority-Black and Hispanic area of Jackson County to receive the benefit of the cap, and thereby saw their values capped at 14.9%, where the properties in the majority-Black and Hispanic area saw excessive increases of their property values. For example, many uncapped properties received increases of 100-500% of their 2018 value. Others received increases that topped 1000%.

51. Defendant Beatty suggests that her office reviewed properties by parcel number and the inequitable application of the cap arose by "a coincidence of the process."

52. However, given that parcel numbers are sequential by geographic location, it would not be difficult to discern which parcel numbers correlated with property in a specific geographic area. Thus, the odds of such a race-correlated application arising by chance is exceedingly low. As an example, on a block in the Ivanhoe neighborhood, the parcel numbers for five properties in a row are as follows: 30-130-31-13-00-0-00-000, 30-130-31-14-00-0-00-000, 30-130-31-15-00-0-00-000, 30-130-31-16-00-0-00-000, 30-130-31-17-00-0-00-000. And on one block in a majority-white neighborhood, the parcel numbers for five properties in a row are as follows: 30-940-03-05-00-0-00-000, 30-940-03-06-00-0-00-000, 30-940-03-07-00-0-00-000, 30-940-03-08-00-0-00-000, and 30-940-03-11-00-0-00-000.

53. The property valuation policy of the Jackson County Assessor (the 14.9% cap) resulted in a significant adverse disparate impact on majority-Black and Hispanic neighborhoods. The policy has a discriminatory effect on majority-Black and Hispanic neighborhoods.

54. This policy is not supported by any legally sufficient justification. In other words, there is no nondiscriminatory interest furthered by the uneven, discriminatory application of the 14.9% cap throughout Jackson County.

55. Even if there were a nondiscriminatory interest supporting the application of the 14.9% cap, any such interest could be served by a policy with a less discriminatory effect.

56. Because of the unprecedented and excessive increase in property taxes now faced by many Black and Hispanic residents of Jackson County, it is likely that some will not be able to pay their taxes and will therefore face either bank or tax foreclosure of their properties.

57. Many residents in the neighborhoods in Jackson County that are identified in paragraphs 46-49 live in homes that have been passed down from their parents or grandparents. Many of these residents are also low-income and will likely be unable to pay property tax increases that have resulted from an increase of double or more of their home's current value.

58. Because of the ongoing uneven and unlawful application of the 14.9% cap in Jackson County, Plaintiffs have been and will be required to shift their resources to assist their members and the public as they attempt to understand and challenge the excessive and unlawful property tax increases in their communities and determine how the discriminatory effect occurred.

59. Westside Neighborhood Association is located within the area referenced above in paragraphs 46-49. Because of the unlawful application of the 14.9% cap to properties within the boundaries of Westside Neighborhood Association, leadership and members at Westside have had to divert resources from their day-to-day activities in order to answer questions from residents about the excessive property tax increases and the lack of a physical inspection of properties that received an increase of greater than 15%, create and distribute materials designed

to educate residents about the unequal tax increases they may be facing and their options for challenging and appealing those increases, attend meetings to discuss the property tax increases, meet with attorneys and other interested groups as they attempt to challenge the unlawful application of the 14.9% cap to their residents, organize and attend protests, and attend weekly meetings at various locations with county officials in Jackson County related to the tax assessments. The unequal reassessment of properties in Westside was discussed at several of the regular membership meetings as well as at specially organized meetings outside of those regularly scheduled meetings. Discussion on this topic took up much of the agenda and caused other issues to be delayed in presentation or discussion. The residents in Westside suffered discrimination that is unlawful under the FHA.

60. Vineyard Neighborhood Association is located within the majority-Black and Hispanic target area referenced above in paragraphs 46-49. Because of the unlawful application of the 14.9% cap to residents living within the boundaries of Vineyard, leadership at Vineyard has had to divert resources from their day-to-day activities in order to answer questions from residents about the excessive property tax increases and the lack of a physical inspection of properties that received an increase of greater than 15%, distribute materials designed to educate residents about the unequal tax increases they may be facing, attend meetings to discuss the property tax increases, attend protests related to the assessment, and meet with attorneys and other interested groups as they attempt to challenge the unlawful application of the 14.9% cap to their residents. The residents in Vineyard suffered discrimination that is unlawful under the FHA.

61. Ivanhoe Neighborhood Council is located within the target area referenced above in paragraphs 46-49. Because of the unlawful application of the 14.9% cap to properties within

the boundaries of Ivanhoe, leadership at Ivanhoe have had to divert resources from their day-to-day activities in order to answer questions from residents about the excessive property tax increases and the lack of a physical inspection of properties that received an increase of greater than 15%, create and distribute materials designed to educate residents about the unequal tax increases they may be facing, attend meetings to discuss the property tax increases, and meet with attorneys and other interested groups as they attempt to challenge the unlawful application of the 14.9% cap to their residents. The excessive, unequal reassessment of properties in Ivanhoe was discussed at several neighborhood meetings, consuming much of the time allotted for the meeting, despite not being on the agenda. One employee of Ivanhoe has had to dedicate 100% of her time to focus solely on appealing assessments of Ivanhoe-owned properties and answering questions and concerns of residents related to their own excessive property tax increases. The residents in Ivanhoe suffered discrimination that is unlawful under the FHA.

62. Washington Wheatley Neighborhood Improvement Association is located within the majority-Black and Hispanic area referenced above in paragraphs 46-49. Because of the unlawful application of the 14.9% cap to residents living within the boundaries of Washington Wheatley, leadership at Washington Wheatley have had to divert resources from their day-to-day activities that typically focus on housing and crime/safety issues in order to answer questions from residents about the excessive property tax increases and the lack of a physical inspection of properties that received an increase of greater than 15%, distribute materials (including applications to appeal the 2019 reassessment) and educate residents about the unequal tax increases they may be facing and options for challenging the reassessment, attend community meetings to discuss the property tax increases, and meet with attorneys and other interested groups as they attempt to challenge the unlawful application of the 14.9% cap to their residents.

Conversation about the tax assessments has been the focus of membership meetings. This was an unexpected crisis in Washington Wheatley that has taken time and energy away from the daily activities and ongoing issues (i.e., crime and safety) of the organization. The residents in Washington Wheatley suffered discrimination that is unlawful under the FHA.

## **CLAIMS FOR RELIEF**

### **COUNT I**

#### **Adverse Disparate Impact and Discriminatory Effect in Violation of the Fair Housing Act (42 U.S.C. §§ 3601-3619)**

63. Plaintiffs incorporate by reference all preceding paragraphs of this Petition as though fully set forth herein.

64. The FHA prohibits making unavailable or denying housing to anyone because of, among other things, their race, color, or national origin.

65. The FHA is a broad and inclusive law.

66. A governmental body violates the FHA when its neutral policies or practices have an unjustified disparate impact on members of a racial group.

67. The Jackson County Assessment Department, through the Assessor, utilized a neutral policy and practice of capping valuations at 14.9% in order to limit the amount of properties that were required by law to be physically inspected before their values could be increased greater than 15%.

68. There is no valid governmental interest supporting the unequal application of the 14.9% cap by the Jackson County Assessment Department.

69. The unlawful application of the 14.9% cap creates an arbitrary and unnecessary barrier to housing for minority homeowners in Jackson County.

70. The policy or practice (i.e., the application of the 14.9% cap in Jackson County) at issue has had a disparate impact on thousands of minority property owners in Jackson County.

71. Statistical evidence in the form of a ratio study demonstrates a causal connection between the policy, i.e., the unlawful implementation of the 14.9% cap, and the resulting racial disparity.

72. The FHA covers post-acquisition practices, including real property tax assessment policies.

73. The application of the 14.9% cap policy to some but not all properties marked for a greater than 15% increase of their last assessed value resulted in a discriminatory effect on a protected group of minority residents.

74. This policy and practice constitutes discrimination in violation of the FHA.

75. The statistical analysis in the ratio study has identified a disproportionate impact in majority-Black and Hispanic neighborhoods caused by the application of the 14.9% cap.

76. The policy and practice here in giving only some properties in Jackson County the benefit of the 14.9% cap is not supported by a nondiscriminatory interest or any legitimate justification.

77. And, even if there is a nondiscriminatory interest or legitimate justification, there are less discriminatory alternatives available to the Jackson County defendants that would achieve the same interests as these policies and practices.

78. Plaintiffs are aggrieved persons as defined by the FHA. They, and their members and residents, have suffered actual injury as a result of the Jackson County Assessment Department's conduct described herein, and will be further injured if the practice and policy at issue is permitted to continue.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs respectfully request that this Court:

1. Enter a declaratory judgment that the process and policy by which the Jackson County Assessor applied the 14.9% cap in valuing property violates the Fair Housing Act;
2. Enter a permanent injunction directing defendants to apply the 14.9% cap in valuing properties in Jackson County in a manner that does not cause an adverse discriminatory impact on majority-Black and Hispanic neighborhoods;
3. Award costs of suit, including reasonable attorneys' fees; and
4. Enter all further relief to which Plaintiffs may be justly entitled.

Respectfully submitted,

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