

Haynes Boone Secures Appellate Victory for Carnegie House in High-Profile Ground-Lease Dispute Affecting 324 New York Homeowners

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Haynes Boone helped secure a significant appellate victory on behalf of Carnegie House Tenants Corporation, a 324-unit residential cooperative (co-op) located in Midtown Manhattan, in a closely watched dispute involving arbitration, ground-lease valuation and residential homeownership in New York.

The victory overturned an arbitration award stemming from a rent reset under Carnegie House's long-term ground lease that would have increased its annual ground rent by more than 450 percent, creating substantial financial uncertainty for the co-op and its 324 apartment owners. The challenged award also formed the basis for claims seeking millions of dollars in additional rent from the co-op.

Carnegie House challenged the award after evidence emerged of communications and interactions between the neutral arbitrator and counsel for the ground landlord that raised concerns about impartiality in the arbitration process.

Although the trial court found that the neutral arbitrator and the landlord's counsel had engaged in misconduct, it determined that New York law required the arbitration award to remain in place. Haynes Boone Real Estate Partner [Brett Dockwell](#), along with co-counsel at Morrison Cohen LLP, appealed the decision, arguing that the arbitration process had been compromised and that the award should be vacated.

The appellate court's decision in favor of Carnegie House represents a significant victory for the co-op. By vacating the arbitration award, the ruling returns the parties to the process of determining a new ground-rent valuation, giving Carnegie House another opportunity to pursue a fair and impartial resolution of the dispute. The decision also provides significant guidance regarding judicial review of arbitration proceedings where questions arise concerning arbitrator impartiality.

"This case involved much more than a valuation dispute," said Dockwell. "The outcome affected hundreds of families whose homes and financial security were at risk. We are proud to have helped secure a result that protects the integrity of the arbitration process and reinforces confidence that courts can provide a critical safeguard when that process breaks down."

The dispute attracted significant media attention and was covered by major national and local publications, including [The Wall Street Journal](#), [Crain's New York Business](#), [The Real Deal](#), [New York Post](#), [New York Law Journal](#), [Habitat Mag](#) and [The City Reporter](#). The widespread coverage underscored both the potential impact of the case on hundreds of homeowners and its broader significance for ground lease co-ops throughout New York, many of which face future lease renewals, rent resets and valuation disputes

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