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**T Update Week 2002-5  
Residential Properties**

**Case Name:**

**Megna v. Municipal Property Assessment Corp., Region  
No. 20**

**IN THE MATTER OF Section 40 of the Assessment Act,  
R.S.O. 1990, c. A.31, as amended, and  
IN THE MATTER OF a complaint with respect to taxation  
year 2000 on premises known municipally as 608-616 Grey  
Street**

**Between**

**Roy Megna in Trust, Assessed Person/Complainant, and  
The Municipal Property Assessment Corporation, Region  
No. 20, and the City of Brantford, Respondents**

[\[2002\] O.A.R.B.D. No. 19](#)

File No. 11189

Hearing No. 31032

Complaint No. 1309488

**Ontario Assessment Review Board  
D.A. Richenback, Member**

January 14, 2002

(14 paras.)

**Appearances:**

W. Boros, for the Assessed Person/Complainant.

J. Richardson, for the Municipal Property Assessment Corporation.

No one appeared for the Municipality.

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**DECISION**

¶ 1 This complaint came before the Assessment Review Board on November 5, 2001 in the City of Brantford.

**ISSUE**

¶ 2 At issue in this appeal is the amount of rental income to which the multi-residential gross income multiplier of 4.8 should be applied to arrive at the 2000 assessment for the subject property.

### DECISION

¶ 3 The gross income multiplier of 4.8 is being applied to rental income of \$401,484 instead of \$443,958, which was the amount used by the Municipal Property Assessment Corporation (MPAC). Accordingly, the 2000 assessment is being reduced from \$2,131,000 to \$1,927,000.

### REASONS FOR DECISION

¶ 4 Mr. John Richardson represented MPAC and Mr. W. Boros of Pocrnic Realty Advisors represented the complainant, Roy Megna in Trust.

¶ 5 The subject property is a 69 unit walk-up multi-residential apartment building located at 608-616 Grey Street in the City of Brantford.

¶ 6 MPAC has used rental income of \$443,958 multiplied by a gross income multiplier of 4.8 to arrive at the 2000 assessment of \$2,131,000.

¶ 7 It is noted that the owner appealed his 1998 and 1999 assessments resulting in reductions from \$2,304,288 to \$2,131,466 for those years. No evidence as to the reasons for these reductions was provided to the Board at this hearing other than abnormally low occupancy.

¶ 8 To determine the annual rental income attributable to this multi-residential apartment, MPAC has used a model that calculated a monthly rent of \$525 on 15 one-bedroom apartments and \$595 on 54 two-bedroom apartments. This calculation yielded a monthly rent of \$40,005 and an annual rent of \$480,060. The gross income multiplier of 4.8 was applied giving an assessment of \$2,304,288, which was reduced to \$2,131,466 to agree with assessments for 1998 and 1999. This reduced assessment recognized nominal annual rental income of \$443,958 when assessment rounding to \$2,131,000 was considered.

¶ 9 The MPAC representative, Mr. Richardson, disclosed that its multi-residential model assumed a 12% vacancy rate but only gave consideration to half that rate because MPAC felt there was assessable value to an empty apartment.

¶ 10 Mr. Boros, representative for the complainant, argued that the value of a multi-residential apartment building should be determined multiplying the actual base year rents by 4.8. Calculations as supplied by Mr. Boros would have resulted in an assessment of \$1,761,000, as for the year 2000, the base year is June 30, 1996.

¶ 11 This is a single-issue appeal and at issue is the amount of rental income that should have the gross income multiplier of 4.8 applied to it.

¶ 12 The complainant presented financial statements to this Board that showed the following gross incomes for the subject property.

¶ 13 This decision does not take exception with MPAC's model, which under normal circumstances appears to deliver acceptable results. But in situations where the vacancy rate differs substantially from the norm, this difference must be independently reviewed. The subject property is one such case.

¶ 14 Accordingly, the model generated rental income is being replaced by the actual 1999 rental income

of \$401,484. This reduced amount of \$401,484 is being multiplied by 4.8 to arrive at a 2000 assessment of \$1,927,123, which is being rounded to \$1,927,000.

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