

C. Stach



CENTRAL  
MORTGAGE  
AND  
HOUSING  
CORPORATION  
  
ANNUAL  
REPORT  
1962









CENTRAL  
MORTGAGE  
AND  
HOUSING  
CORPORATION

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ANNUAL REPORT 1962



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**LETTER  
OF  
TRANSMITTAL**

**CENTRAL MORTGAGE AND HOUSING CORPORATION**

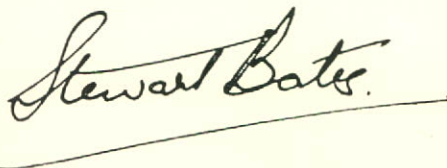
March 11, 1963.

Honourable E. Davie Fulton,  
Minister of Public Works,  
Ottawa, Canada.

Dear Mr. Fulton:

On behalf of the Board of Directors,  
I have the honour to submit to you the 17th  
annual report of Central Mortgage and Housing  
Corporation and a statement of accounts for  
the year ended December 31, 1962.

Yours very truly,

A handwritten signature in cursive script, reading "Stewart Bates", is written over a horizontal line.

President.







## CANADA'S HOUSING IN 1962

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An atmosphere of stability continued to characterize the house-building industry during 1962; there were, nevertheless, significant shifts in emphasis.

Starts of all types of housing for the year numbered 130,095 units. Although these represented only a small increase over the 1961 total of 125,577, the large year-end carry-over of uncompleted dwellings from the previous twelve months ensured a high level of construction throughout 1962 and the value of residential construction work put in place rose to \$1,587 million from \$1,467 million.

During the year, there were important variations in the composition of housing starts. The proportion of rental-dwelling starts increased to 41% from 37% in 1961. This movement towards construction of more rental-type dwellings was apparent across the nation with nearly all metropolitan centres experiencing a strong revival in apartment construction. Starts of dwellings for home-ownership, on the other hand, declined to 77,236 units from 79,477 in the previous year.

Partly associated with the changing trend in the structure of housing starts was a shift away from National Housing Act financing. The number of dwellings built under NHA declined to 48,157 from 59,870 in 1961, while units financed with non-NHA funds rose to 81,938 from 65,707 a year ago.

Mortgage funds were in good supply during the first six months of the year although, in the second half, institutional lenders substantially reduced their NHA activity. Of total NHA housing production for 1962, approved lenders financed 32,437 units — 12% less than in 1961.

The supply of conventional mortgage funds showed remarkable strength throughout 1962 and the number of new dwellings financed with conventional institutional loans increased to 56,365 units from 41,465 in 1961.

As a result of the large volume of institutional mortgage lending, both NHA and conventional, demand for Corporation residual financing diminished during

the year. Corporation loans approved for home-ownership purposes declined to 13,223 units from 20,298 in 1961.

Demand for new housing in 1962 was sufficient to absorb the larger volume of completed dwellings without excessive gains in vacancy rates. The increase in completions occurred in the rental sector and these were taken up by the market with a moderate rise in the number of newly completed but unoccupied units. Completions of dwellings for home-ownership were at about the same level as in the previous year and, at the year-end, builders' inventories of newly-completed dwellings were only slightly higher than at the beginning of 1962. With a decreased volume of starts of dwellings for home-ownership, builders' inventories of unsold houses at various stages of construction were lower at the end of the year.

While starts of new dwellings for home-ownership were down in 1962, the decline affected mainly the smaller and lower-priced dwellings. The average size of dwellings for home-ownership financed under the National Housing Act increased during the year and a larger proportion of them had four bedrooms. There was a small decline in average construction costs per square foot; however, the increase in size and some appreciation in land costs brought the average total cost of single-family houses financed under the Act to \$15,063 in 1962 compared to \$14,714 in 1961, both figures include the mortgage insurance fee.

The basic demographic factors influencing the demand for housing changed slightly. Net family formation declined to 54,900 in 1962 from 56,200 in 1961 despite a small gain in marriages, reflecting lower net migration. Data from the 1961 census revealed that the net non-family household formation doubled between the first and second halves of the 1951-1961 decade. Presumably this continues to be an important source of demand for the housing market.

The 1961 Census, reporting 4,547,000 occupied dwellings, provided significant evidence of improvements in housing conditions over the past decade. The proportion of dwellings in need of major repair was down to 5.6% in 1961 from 13.4% in 1951. A substantial decline was also reported in the number of dwellings lacking modern plumbing facilities. To the extent that these changes represented withdrawals of substandard dwellings from the housing stock rather than improvements to existing dwellings, they provided a further source of strength for house-building activity over the decade and presumably continued to do so in 1962.

The growing importance of higher education was reflected in continued interest shown by universities and colleges in university residence loans under the National Housing Act. During 1962, 19 loans in an amount of more than \$21 million were approved to provide dormitories for about 4,400 students. Since the Act was



amended in December, 1960 to authorize university housing, 41 loans for \$41.5 million have been approved. These will house 8,700 students. The largest loan to date — almost \$5 million — was approved for accommodation for 1,200 students at the University of Alberta (Edmonton).

There was sustained activity across Canada in NHA municipal sewage treatment loans. These numbered 223 for \$45 million in 1962. Since the Act was amended in December, 1960 to provide for such loans, 367 have been approved in an overall amount of \$85 million. Late in the year, Parliament approved an extension of two years to March 31, 1965 of the deadline for partial forgiveness of indebtedness for those communities that avail themselves of the legislation.

Development of a market for NHA insured mortgages received added stimulus during the year when the Corporation offered, on three occasions, a total of \$83.5 million of its own portfolio, with sales limited to \$60 million. It is anticipated the market will continue to increase in two ways: Through the sale of blocks of mortgage loans by one institution to another or amongst pension funds and trusts; and through sales to a new type of company, of which some are already in existence and which would enable the small investor to participate in the mortgage market through purchase of its debentures or shares.

Federal contributions of more than \$3.2 million were approved toward urban redevelopment projects in Hamilton and Montreal. During 1962, the Maitland Street project in Halifax was completed and a 17-acre clearance programme in the Jacob Street area of the same city was virtually completed. Other projects were under way in Saint John, Sarnia, Toronto, Windsor, Winnipeg and Vancouver.



EDWARDS



NFB

■ *Student Residence Laval University,  
Quebec City, built with financial assistance  
under the National Housing Act.*



## CMHC OPERATIONS

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The Corporation's administrative responsibilities arising out of its many and diverse roles in housing and related fields continued to expand in 1962 and more than offset those associated with mortgage lending, which declined in volume.

On three occasions during the year, the Corporation sold mortgages by auction as further steps in the development of a market in Canada for NHA insured loans. With the same objective in mind, the Corporation was also authorized late in 1962 to make available short-term financing to approved lenders. In performing this function the Corporation will ensure that other sources of short-term funds are not available for the purpose.

Additions to the Corporation's mortgage portfolio arising out of its lending operations more than compensated for substantial sales, however, and holdings were at a record level at the year-end. In volume alone, mortgages and sale agreements therefore continued to impose heavy administrative responsibilities. As the owner of more than 12,000 residential properties, the Corporation was also involved in real estate administration operations of significance.

Interest by provincial and municipal governments in the urban redevelopment facilities afforded by the National Housing Act continued and there was new activity in the areas of subsidized housing and land assembly. These, together with demands by departments and other agencies of the Federal Government, materially increased the design and construction operations of the Corporation.

In collaboration with private and other public groups, the Corporation continued active in the field of housing and related research. Highlight of the year was the founding of the Canadian Council on Urban and Regional Research and subsequent announcements of a \$78,000 NHA grant and a \$500,000 Ford Foundation grant to the new institution.

Policy changes of importance were implemented during the year: Loans to assist in the construction of accommodation for resident university students were made available to junior colleges; the Corporation was authorized in November to make two loans to any builder to finance display houses; and, late in December, the Government directed the Corporation to return to the making of rental loans in all centres where a need exists and where applicants are unable to obtain mortgage financing from approved lenders.

Dwelling units financed under the National Housing Act numbered 47,689 in 1962, most of them with mortgage funds and the balance under Federal-Provincial arrangements. In 1961, 61,535 units were financed under NHA (CHS-Tables 34, 58)<sup>1</sup>.

<sup>1</sup> All references to "CHS" are to *Canadian Housing Statistics, 1962*.

In the aggregate, NHA lenders made loans of \$383.9 million (\$439.4 million in 1961), with the Corporation providing \$163.3 million (\$263.4 million in 1961) from public funds (CHS-Table 31).

After provision for income tax, the Corporation's net income in 1962 was \$5.6 million, a decrease of \$0.1 million from the figure reported in 1961. After transferring this amount to the Reserve Fund and adding to it \$4.9 million realized from the sale of property acquired from the Government of Canada, the sum of \$10.5 million was credited to the Receiver-General.

### **INSURED LOANS BY APPROVED LENDERS**

NHA  
Sections 6, 7, 8

The volume of insured mortgage lending by the life insurance and trust and loan companies was 12% lower than in 1961. With a substantial flow of funds in the early months, the pattern of lending was similar for a time to the trend of the previous year. However, experience in most of the second half of 1962, when activity decreased, was materially different from that in the same period of 1961, when there was a marked expansion.

During the year, loans by all approved lenders financed 32,437 dwellings, compared with 36,810 in 1961 (CHS-Table 31).

Although the life insurance companies were the main source of NHA mortgage funds and financed 18,582 dwellings, the trust companies continued to play a significant role and were responsible for 11,956 units, down somewhat from the record level of 14,426 dwellings in 1961. Loan companies made loans for 1,895 units. The chartered banks, which had virtually withdrawn from NHA lending by 1960, approved only four loans in 1962.

The decline in NHA lending during 1962 took place largely in insured rental loans. Approved lenders made loans for 7,824 units of rental accommodation compared with 10,612 units in 1961.

More than 75% of the dwellings financed under the Act by approved lenders in 1962 was for owner occupancy — 21,324 to be built by merchant builders for sale to owners and 3,289 by owner-applicants who made their own construction arrangements. In 1961, approved lenders reported loans to builders for 22,704 units and to owner-applicants for 3,494 units.

### **LOANS BY THE CORPORATION**

Although policy governing lending by the Corporation was virtually unchanged from 1961, the number and value of loans approved declined appreciably during 1962. At the year-end, the Corporation had approved mortgage loans for 14,705 units — 13,223 to be occupied by home owners and 1,482 in limited-dividend projects. In 1961, the Corporation made loans for 20,298 dwellings for owner occupancy and 3,326 for rental in limited-dividend projects (CHS-Tables 35, 36).

The substantial reduction in the volume of loans to limited-dividend companies — largely those intended to assist in financing rental accommodation for



lower-income families — resulted from more restrictive lending terms applying to companies sponsored by entrepreneurs.

#### CORPORATION LOANS TO OWNERS AND BUILDERS

As in 1961, Corporation loans were available during the year to eligible owner-applicants in any part of Canada; and to merchant builders, provided the houses to be financed had been pre-sold to qualified purchasers. In both instances, applicants were required to submit written evidence that they had been unable to obtain mortgage accommodation from an approved lender. The Corporation continued its policy of restricting lending where the installation of septic tanks was proposed.

NHA  
Section 40

A need was expressed by speculative builders late in the year for public funds to finance display houses. To provide this assistance, particularly to smaller builders outside the metropolitan areas and to encourage additional employment opportunities during the winter months, the Corporation was authorized by the Government in November to make to each qualifying builder two loans without the pre-sale requirement. Loans for the construction of 794 such prototypes were approved.

The Government also directed the Corporation near the year-end to make direct loans for privately-sponsored rental housing projects — particularly in smaller communities — where loans cannot be obtained from approved lenders. Loans were to be made on the same terms and conditions and subject to the same limitations as those by approved lenders.

During the year, the Corporation approved loans to owner-applicants for 8,234 dwellings and to builders for 4,989 dwellings. In 1961, the comparable figures were 13,535 and 6,763 units (CHS-Table 35).

#### LOANS TO LIMITED-DIVIDEND HOUSING COMPANIES

The number of dwellings financed by loans to limited-dividend housing companies at 1,482 was substantially below the 3,326 reported for 1961 (CHS-Table 37).

NHA  
Section 16

The reduced volume arose primarily out of a continuing lack of interest in the limited-dividend field by companies sponsored by entrepreneurs, whose projects are subject to more restrictive terms — a maximum loan of 85% of lending value, a maximum of 100 units at any one time and an average of not less than 2½ bedrooms per dwelling unit — than those applying to non-profit organizations and municipalities.

Limited-dividend developments approved in 1962 provided 342 units for lower-income families in projects sponsored by entrepreneurs and 1,140 units for elderly persons, all by non-profit organizations or municipalities. During 1961, there were 2,747 units for lower-income families and 579 for elderly persons for a total of 3,326, of which non-profit organizations and municipalities sponsored 724 units and entrepreneurs 2,602 (CHS-Table 38).

Loans to limited-dividend companies may be made for the purchase and conversion of existing buildings into low-rental developments. The first loan of this kind was made in 1962 — to Metropolitan Toronto Housing Company Limited

in the amount of \$847,170 for the purchase of an apartment house and its conversion into 154 low-rental units for elderly persons.

### **LOANS FOR UNIVERSITY HOUSING PROJECTS**

NHA  
Section 36B

In 1962, NHA loans were made to 19 universities and colleges in a total amount of \$21.2 million for the construction of university residences to house some 4,400 students. The average loan per student accommodated was \$4,864. In addition, at the year-end, preliminary applications had been received from 13 other universities or colleges which, if approved, would result in loans of \$10.1 million to provide dormitories for approximately 2,400 students (CHS-Table 64).

In 1962, junior colleges affiliated to universities and which provide two years of the curriculum leading to a degree from the parent university became eligible for these loans.

The statutory limit on the amount that may be advanced by the Corporation for university housing loans is \$100 million. Since its inception in December, 1960, 41 loans to a total of \$41.5 million have been approved. The residences will accommodate some 8,700 students.

### **LOANS FOR MUNICIPAL SEWAGE TREATMENT PROJECTS**

NHA  
Section 36F

National Housing Act loans to assist municipalities to finance sewage treatment projects continued in heavy demand throughout the year.

During 1962, 223 loans in an overall amount of \$45 million were made to 195 municipalities throughout Canada in a continuing effort to combat water and soil pollution. In addition, some 220 preliminary applications or enquiries had been received (CHS-Table 65).

Since enactment of the legislation in December, 1960, 367 loans with an aggregate value of \$85 million have been approved for 297 municipalities, almost one-half of which have a population of less than 1,000. The overall population of communities receiving assistance exceeds six million. Loans have been made in each of the 10 provinces, with British Columbia, Saskatchewan and Ontario the most active.

Several provinces have legislation which complements the Federal Legislation and encourages anti-pollution measures by providing provincial aid.

In contrast to the larger municipalities which generally wish only to extend or improve existing facilities, many villages and small towns receiving Federal Government assistance for sewage works are installing complete systems for the first time. As a result, the per capita loan is higher in most of the smaller communities.

The Act initially provided that one-quarter of the loan and interest thereon be forgiven for work put in place on or before March 31, 1963. To assist those municipalities that had not found it possible to complete their arrangements in time to take advantage of the partial debt cancellation feature of the legislation, Parliament amended the National Housing Act late in the year to extend the expiry date to March 31, 1965.



## HOME IMPROVEMENT LOANS

During 1962, the volume of NHA guaranteed bank loans for home improvement purposes continued at a high level. The banks approved 23,895 loans in an amount of \$38.0 million compared to 28,097 for \$42.6 million in 1961 (CHS-Table 57).

NHA  
Sections 24, 25, 30

At the year-end, the banks reported \$69.9 million outstanding on home improvement loans compared with \$65.9 million at the end of 1961. The Corporation's liability, which is limited to 5% of total loans made by each lender, was \$13.0 million against \$11.3 million a year ago. The Home Improvement Loan Insurance Fund, comprised of fees received from borrowers, amounted to \$2.5 million. At the end of 1961 the Fund was \$2.2 million.

The amount paid to lenders in claims and for legal expenses during the year decreased to \$222,408 from \$243,312 the previous year. Total claims and legal expenses to date amount to \$778,431 on loans aggregating \$275 million. Recoveries by the Corporation during 1962 amounted to \$37,969, bringing total recoveries to date to \$80,723.

## NATIONAL HOUSING ACT MORTGAGES OUTSTANDING

At the end of 1962, total mortgage debt outstanding from operations under the Housing Acts was \$4,984 million — \$3,314 million from loans made by approved lenders and \$1,670 million from loans by the Corporation. The amount outstanding at the end of the previous year was \$4,570 million.

Of the sum outstanding, \$4,120 million resulted from insured loan operations under the National Housing Act, 1954 and \$497 million from joint loan operations under earlier Housing Acts. Uninsured Corporation loans and loans arising out of the sale of Corporation-owned property accounted for a further \$367 million.

Under insured loan operations \$2,626 million were loans held by the lending institutions and \$1,139 million loans held by the Corporation. Joint loan operations prior to the 1954 Act included \$362 million advanced by the approved lenders and \$135 million by the Corporation.

The uninsured loan segment of the total mortgage debt comprised \$171 million from limited-dividend loans, \$70 million from housing loans under rental-guarantee contracts and loans to primary industries, \$27 million in direct loans to home owners prior to the 1954 Act and \$99 million for mortgages and agreements for sale arising out of the sale of Corporation-owned property. Loans for university housing projects gave rise to an additional \$15 million, the bulk of these loans being secured by debentures.

### HOLDINGS OF NATIONAL HOUSING ACT MORTGAGES

At the end of 1962, the lending institutions held \$2,626 million in mortgages under the NHA. Of this amount the chartered banks held \$921 million, the life insurance companies \$1,387 million and the trust companies \$213 million. Loan companies, fraternal societies and Quebec savings banks held the remaining \$105 million.

Mortgages to the value of \$355 million were administered by approved lenders or the Corporation for pension and trust funds, individuals and other investors in the mortgage market. Of the 7,450 Corporation loans sold on the mortgage market to date, 2,265 continued under the administration of the Corporation.

The Corporation held the remaining \$1,641 million of mortgages outstanding, made up of 122,838 mortgages and sale agreements administered directly by the Corporation and 19,508 by approved lenders as agents.

## **MORTGAGE MARKETING**

NHA  
Section 11

The Corporation continued its efforts to encourage development of a market for National Housing Act insured mortgages (CHS-Table 47).

During the year, three offerings were made to members of the Investment Dealers' Association of Canada, NHA approved lenders and their NHA approved correspondents. The total amount offered to investors was \$83.5 million, but sales were limited to \$60 million, the excess providing prospective investors with more opportunities for selection.

The first offering resulted in the sale of \$15 million of 6% insured mortgage loans at an average price of 97.60. The second offering was postponed owing to unsettled market conditions during the summer months. In the latter part of the year, conditions in the Canadian investment community had improved and a third offering of \$45 million was put on the market with sales limited to \$30 million.

For the first time, the third offering consisted of loans bearing different rates of interest — \$20 million of 6% loans and \$25 million of 6¾% loans. Bids and options were received on every parcel and the full quota of \$30 million was sold. Average prices for the 6% and 6¾% loans were 97.20 and 102.26, respectively.

Since June, 1961 approximately \$85 million of the Corporation's mortgage portfolio has been sold. Of this amount, sales of \$47 million were effected in 1962.

On December 6, 1962 the Corporation was authorized to make available short-term lending facilities to NHA approved lenders as an added stimulus to development of an active mortgage market in Canada. A ceiling of \$100 million was established as the maximum amount of loans to be outstanding at any one time, with the total loan outstanding to any one company limited to the lesser of \$5 million or three times the company's paid-up capital, excluding surpluses. The rate of interest is based on the current NHA interest rate and is graduated, depending on the duration of the loan.

## **MORTGAGE ADMINISTRATION**

### **INSURANCE, GUARANTEES AND FORECLOSURES**

The mortgage insurance settlement terms of the Act provide for payment from the Mortgage Insurance Fund on the principal outstanding, as well as certain interest charges and other expenditures incurred in the acquisition and transfer of a property



to the Fund. At the end of 1962, assets of the Fund amounted to \$102 million, including \$15 million in real estate holdings. During the year, claims against the Fund resulted in the acquisition of 1,187 units and brought total claims paid to date to 2,023 in an aggregate amount of \$20.3 million. In addition, there were 13 cases where the mortgaged property was acquired by the lender, but for which no claim was made against the Fund. Since 1954, there have been 50 cases.

At the end of 1962, arrears on Corporation-administered accounts amounted to \$900,133 compared to \$1,102,251 at the end of 1961.

During the year, six properties were acquired by the Corporation as a result of default in payment on mortgage and sale agreement accounts.

Default in payments on limited-dividend loans and rental-guarantee loans, which are direct loans made by the Corporation to which loan insurance is not applicable, resulted in acquisition of five limited-dividend projects comprising 909 dwelling units and two rental-guarantee projects with 455 dwelling units. Of these, six projects totalling 1,264 units are in the Montreal area.

Of the 901 rental-guarantee and limited-dividend accounts administered by the Corporation, 22 were in arrears in an amount of \$257,630 at the end of 1962. Of these, eight were three months or more in arrears.

In 1962, 21 claims amounting to \$381,060 were paid under rental-guarantee contracts. Since 1952, 68 claims have been paid in an aggregate amount of \$1.2 million.

The Corporation had a contingent liability of \$59.8 million at the end of 1962 arising out of the guarantee of losses sustained by approved lenders on joint loans. During the year a foreclosure procedure was completed in one case.

## **REAL ESTATE ADMINISTRATION**

There was an increase in the number of residential properties owned and administered by the Corporation in 1962. At the beginning of 1962, 11,628 houses and apartment units were under rental. During the year, 752 houses were sold, most of them to occupying tenants, and 1,364 houses and apartment units were acquired from rental-guarantee and limited-dividend companies, the latter comprising the second largest category of dwellings under ownership. At the end of 1962, 12,245 Corporation-owned dwelling units were under administration, comprising 4,938 apartment units and 7,307 houses. Of the total, 831 or 7% were vacant.

Rental revenue from Corporation-owned dwellings amounted to \$7.9 million, or an average annual rental of \$662; in 1961 it was \$643. The increase is attributable to larger amounts collected to offset higher taxes and to the higher rental levels of properties acquired during the year. Rental arrears, at year-end, amounted to \$43,000 or 0.5% of the annual rent receivable. Of the accounts in arrears, 77% was of not more than 30 days' duration. At the end of the previous year, arrears were \$94,000 or 1.25% of rent receivable.

NHA  
Section 37  
CMHC Act  
Section 29

Operating expenses, excluding cost of administration, depreciation and interest on borrowings, totalled \$5.2 million or approximately \$432 per unit. Depreciation and interest on borrowings amounted to a further \$4.2 million.

Payments to municipalities in lieu of taxes were \$2.2 million, compared with \$2 million in 1961. Payments equal to normal taxes were being made on 86% of Corporation-owned dwellings.

On behalf of the Mortgage Insurance Fund, the Corporation administered an apartment project of 191 units in Montreal and 1,540 houses including 873 located at Elliot Lake. Of the houses available for sale or rent, 1,040 were rented and 500 were vacant. There were 97 apartments vacant. During the year, 299 Mortgage Insurance Fund properties and two properties acquired by the Home Improvement Loan Insurance Fund in 1961 were sold.

At the end of 1962, real estate assets of the Mortgage Insurance Fund amounted to \$15 million, an increase of \$8 million over 1961. Profit to the Fund on the sale of properties in the years 1954-1962 totalled \$56,577.

## **URBAN RENEWAL STUDIES**

Under Part V of the National Housing Act, arrangements may be made with a province or with a municipality with approval of the province to conduct studies of the condition of housing and urban areas. Federal contributions may be up to 75% of the cost of such studies.

At the year-end, grants had been approved for Fort William and Port Arthur and neighbouring Townships, \$26,250; Trois-Rivières, \$25,500; Cornwall, \$18,750; Moose Jaw, \$8,550; and Grand Falls and Windsor, Newfoundland, \$10,811.

During the year, reports were published of studies commenced in earlier years by the municipalities of Cornerbrook, Saskatoon, Sault Ste. Marie, Port Moody and Victoria. Studies were in progress in 15 other cities, five of which were approved in 1962 (CHS-Table 62).

Since the first study was undertaken in 1955, 42 have been initiated and, in 10 cities, 15 redevelopment projects are under way or complete.

## **URBAN REDEVELOPMENT**

NHA  
Section 23

Throughout the year, there was a continuing interest by Canadian municipalities in the processes of clearance, replanning, rehabilitation and modernization of blighted areas (CHS-Table 61).

A net Federal contribution estimated at \$2.6 million was approved to assist the City of Montreal in the acquisition and clearance of 17.6 acres of a 27-acre redevelopment area in the east end of the City.

A net Federal contribution estimated at \$600,000 was approved by the Government to assist the City of Hamilton in the acquisition and clearance of the Van Wagner's Beach area. The 72 acres of waterfront property on Lake Ontario, consist-



ing of blighted, low-density residential development will be cleared and developed as a public park and recreational area.

With the acquisition and clearance of the 17-acre redevelopment project in the vicinity of Jacob Street, Halifax, virtually complete, the City invited proposals for development of the land by private enterprise. The area may be used for commercial, residential and light industrial development. The land is being offered on a 99-year lease and proposals will be assessed on architectural and economic merits.

Late in 1962, Halifax submitted an application for Federal assistance in its third redevelopment project which is part of a larger, long-term programme of redevelopment and rehabilitation designed to revitalize the older part of the City.

Saint John invited proposals for the development of industrial, commercial and high-density residential land on 12 acres of the Courtenay Place project, part of the 57-acre slum clearance project undertaken prior to 1962. Proposals will be considered early in 1963 and the land will be offered on a 99-year lease basis for private redevelopment. A Federal-Provincial housing project has also been approved for the cleared area. Redevelopment projects approved prior to 1962 were under way in Sarnia, Vancouver, Windsor, Winnipeg and Toronto (Moss Park).

During the year, a number of municipalities gave consideration to neighbourhood rehabilitation involving spot clearance of blighted properties and improvement and repairs to buildings that can be economically rehabilitated.

## FEDERAL-PROVINCIAL PROJECTS

### RENTAL HOUSING

During 1962, approval was given to Federal-Provincial rental housing projects in Galt, Montreal, Saint John, Saskatoon, Weyburn and Winnipeg and to an extension of an Ottawa project. These will provide a total of 547 dwellings for rent to tenants of low income (CHS-Table 58).

NHA  
Section 36

Investigation of projects was under way in 38 municipalities in the Province of Ontario and Federal approval was given to the examination of requests for projects put forward by the County of Halifax, North Battleford and Moncton.

Under Federal-Provincial partnership arrangements, capital costs of construction are shared 75% by the Federal Government and 25% by the Provincial Government. The municipality concerned may be required by the province to finance all or part of the provincial share.

Since the first project was approved under Federal-Provincial arrangements in 1950 until the end of 1962, 11,167 dwelling units in 93 projects have been approved. Of these, 9,035 units are complete and have been turned over to local housing authorities for administration.

Surpluses or deficits arising out of the operation of projects are also shared by the participating governments. Rents for some 3,000 units have been set at a level sufficient to recover capital costs and to meet operating expenses. For the remainder, rents are related to family income and size. The Federal Government's 75% share

of operating deficits incurred during 1961 and paid during 1962 amounted to \$1.1 million.

Under agreements with the Provinces of Nova Scotia and Prince Edward Island and the provincial Housing Commissions, assistance may be given under the National Housing Act to co-operative house-building. In 1962, 12 projects totalling 99 units were approved in Nova Scotia. Since the inception of this programme in 1953, 1,099 units in 124 projects have been approved. One project of 10 units was undertaken in Prince Edward Island in 1962, bringing the total to 113 dwellings in 12 projects since commencement of the arrangement in 1960 (CHS-Table 60).

#### LAND ASSEMBLY

The National Housing Act also makes provision on a Federal-Provincial partnership basis for the assembly and servicing of land in areas where lack of services is hampering house construction. Capital costs and returns from the sale of lots are shared 75% by the Federal Government and 25% by the province. In some instances, the municipality bears all or a part of the provincial share.

During the year, four land assembly projects were approved — 135 lots in Courtenay, British Columbia; 942 lots in Nepean Township, Ontario; 39 lots in Tisdale Township, Ontario; and 353 lots in St. John's, Newfoundland. Preliminary investigations were also under way in three Ontario municipalities (CHS-Table 59).

An additional 569 lots were offered for sale in 1962. Of these and for projects previously put in a sales position, 414 were sold, bringing the total number serviced and sold under Federal-Provincial arrangements to 9,503.

### DESIGN AND CONSTRUCTION

NHA  
Section 37  
CMHC Act  
Section 29

Design and construction activities for housing, buildings and their related services were again carried out for the Department of National Defence, the Department of Northern Affairs and National Resources, Atomic Energy of Canada Limited and for Federal-Provincial partnerships. Consulting services in the fields of architecture and planning were also provided.

Designs were completed or in process for 13 Urban Military Housing projects of some 2,300 dwelling units for the Department of National Defence. Sites of these developments include Dartmouth, Summerside, North Bay, London and Red Deer. The Department of National Defence has instructed that calls for proposals on some of these projects be deferred. Construction was under way on projects comprising 683 units at Uplands, Dartmouth, Red Deer, North Bay and Summerside.

The current programme of Crown-owned permanent married quarters and schools was drawing to a close with the completion of 304 units and three schools at Greenwood and Camp Shilo. Since 1949, under this programme, the Corporation has arranged for the construction of 19,437 housing units and 103 schools or school extensions for the Department of National Defence.

The design of some 2,800 units of rental accommodation was undertaken during the year for Federal-Provincial partnerships. One-half of the units are located



in the Metropolitan Toronto area. Construction proceeded on Federal-Provincial rental housing projects in Halifax, Oshawa, Sudbury, Toronto, Vancouver, Weyburn and Winnipeg. Land assembly developments included Peterborough, St. John's, Sandwich East and Trenton, together with Kingston where architectural control of the project will be exercised. Sub-division plans for the Borden Farm, Ottawa, were prepared by consultants and approved.

The Corporation continued with development of the townsite of Pinawa on behalf of Atomic Energy of Canada Limited. The town plan and relevant by-law have been approved and preliminary work is in progress on the fire and police stations, high school and community centre building. Consultant architects have designed the hospital and commercial centre which are scheduled for construction in 1963. Contracts were awarded for the installation of ground services and for the construction of 108 housing units, a primary school and a hostel. Accommodation at Pinawa is intended for personnel to be employed at the Whiteshell nuclear research establishment.

The preparation of a metropolitan plan for Whitehorse, Yukon Territory, was undertaken at the request of the Department of Northern Affairs and National Resources. During the year, a presentation of survey material and preliminary proposals was made at Whitehorse. Similar studies for Watson Lake and Haines Junction are under way.

Sixteen Corporation-owned houses were constructed at Prince Rupert for rental to employees of the Department of Transport.

The Corporation continued its practice of reviewing housing layouts in developments intended for NHA financing, limited-dividend and insured rental projects to assist in improving the quality of planning and design. In addition, reviews were made of applications submitted for university housing projects to provide accommodation for resident students.

## **HOUSING RESEARCH AND COMMUNITY PLANNING**

Under the National Housing Act, the Corporation is responsible for investigating housing conditions and for distributing information leading to the improvement of housing conditions and community planning.

NHA  
Sections 31-35

In addition to its own research, the Corporation provides financial assistance to other organizations engaged in studies related to housing and community planning. In furthering these activities during 1962, the Corporation expended approximately \$1 million both on its own account and through arrangements with outside agencies.

### **TECHNICAL INVESTIGATIONS**

Additional grants totalling \$42,550 were made in 1962 to the Ontario Research Foundation to assist in a continuing programme of research and field testing on self-contained household sewage purification units. Three units were again tested

in houses in Ottawa and Toronto, with others being prepared for installation in the Frobisher Bay and Laurentian areas.

A grant was made to the National House Builders Association to assist in research towards lowering housing construction costs.

In association with the National Research Council and other Government departments and agencies with experimental facilities, the Corporation continued to investigate new materials, methods and equipment to determine their suitability for houses financed under the NHA.

The Corporation participated in the work of the Canadian Government Specifications Board, the Canadian Standards Association and the American Society for Testing and Materials to establish specifications for building materials, equipment and application techniques. Late in the year, *Housing Standards, Canada, 1963* was issued for the first time by the Associate Committee on the National Building Code, National Research Council. Effective April 1, 1963 the new standards will apply to all NHA construction, except apartment buildings. The Division of Building Research, National Research Council, arranged during the year to issue *Apartment Building Standards*.

#### COMMUNITY PLANNING AND HOUSING INVESTIGATIONS

In March, 1962 the founding conference of the Canadian Council on Urban and Regional Research was held in Ottawa. Principal objective of the Council is to encourage and promote urban and regional research in Canada wherever it can be carried out most effectively. During the year an NHA grant of \$78,000 was authorized for the Council to provide operational funds required to December, 1963. Another grant of \$500,000 was made by the Ford Foundation which will enable the Council's research activities to be effectively carried out over a five-year period.

The Corporation continued to support the Community Planning Association of Canada in its endeavours to stimulate a greater public awareness of the importance of orderly community and regional planning.

Grants were also awarded in 1962 to: The Ontario Association of Housing Authorities for the study of public housing and the roles in public housing of the various levels of government; the Metropolitan Toronto Housing Authority for two research studies — a comparison of capital and operating costs between high-rise and low-rise construction and an assessment of the characteristics of families living in public housing and the progress of families who have left public housing; the Royal Architectural Institute of Canada for a study of the objectives and formulation of zoning by-laws in residential areas to guide municipalities in drafting their own by-laws; and the Province of Ontario for a study and report on minimum standards of occupancy and maintenance of dwellings.

Educational grants awarded during the year included: Five travelling scholarships to students in schools of architecture for a tour of major housing projects in Canada and the United States; fifteen planning fellowships of \$1,500 each to students



registered in five schools of planning in Canada; and five housing bursaries of \$1,200 each to assist university students in graduate courses in the fields of housing, urban redevelopment and estate management.

#### HOUSING DESIGN

The Canadian Housing Design Council again received Federal support in its programme of encouraging the improvement of house design in Canada. In 1962, the Council sponsored design competitions for single-family and multiple-unit residential construction. Award-winning designs were brought to the attention of consumer groups, architects, designers and builders through public exhibitions and the presentation of awards.

The Corporation continued to work in co-operation with the architectural profession in developing new plans for sale to the public to be incorporated in the catalogue of Small House Designs.

### ORGANIZATION AND STAFF

Head Office of the Corporation is in Ottawa. Fifty-three offices throughout Canada carry out its varied activities.

During the year, there were a number of organizational changes. These reflected expanded administrative responsibilities arising out of a continuing increase in the number of mortgage and property accounts, the financing of municipal sewage treatment projects and university housing, secondary mortgage market operations and extension of research in the main housing markets. The full mechanization and centralization of the mortgage accounting operation, coupled with the levelling off in lending activity, permitted growing activities to be staffed largely by employees already on strength. At the year-end, Corporation staff numbered 2,017 compared with 2,056 at December, 1961.

The President and members of the Board of Directors are most appreciative of the co-operation received from all employees during the year and of the efficient manner in which they continued to discharge their responsibilities.

# AUDITORS' REPORT

TO THE MINISTER OF PUBLIC WORKS:

We have examined the attached financial statements of Central Mortgage and Housing Corporation for the year ended December 31 1962 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we have considered necessary in the circumstances.

In our opinion, proper books of account have been kept and the transactions of the Corporation that have come under our notice have been within the powers of the Corporation.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the Corporation, the attached financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Corporation as at December 31 1962 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.

of the firm  
Boulanger, Fortier,  
Rondeau & Cie



F.C.A.

of the firm  
Arthur A. Crawley & Co.

Ottawa, February 8 1963



# FINANCIAL STATEMENTS *December 31 1962*

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- STATEMENT I**    Balance Sheet
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Insurance and Rental Guarantee Funds
- Reserves for Mortgage Insurance, Home Improvement Loan  
Insurance and Rental Guarantees



*Riverside Crescent, located in Edmonton, Alberta.*

# CENTRAL MORTGAGE AND HOUSING CORPORATION

ASSETS	1962	1961
Cash . . . . .	\$ 12,618,695	\$ 4,076,514
Government of Canada short term securities, at cost, including \$11,143 accrued interest . . . . .	7,987,963	—
Accounts receivable, less allowance of \$110,772 for doubtful accounts . . . . .	2,243,722	1,762,800
Expenditures recoverable from Provincial Governments under Federal-provincial Agreements . . . . .	1,749,585	1,778,983
Due from the Minister of Public Works on current account . .	1,000,363	462,847
Due from the Minister of Public Works for losses (net) in respect of loans, guarantees and other commitments under the Housing Acts . . . . .	1,118,696	856,734
Loans under the Housing Acts, including \$8,127,238 interest accrued or receivable . . . . .	1,589,945,586	1,478,794,076
Agreements for Sale and Mortgages arising from sales of properties, including \$453,964 accrued interest . . . . .	100,019,197	101,739,789
Advances to Municipalities and others on deferred repayment terms, including \$46,622 accrued interest . . . . .	5,536,495	4,673,825
Real Estate, including business premises — at cost or at values placed by the Board of Directors on properties acquired without cost from the Government of Canada less \$20,519,211 accumulated depreciation . . . . .	76,160,414	73,358,710
Corporation's share in the joint ownership of Real Estate under Federal-provincial Agreements . . . . .	92,581,031	86,372,920
Office furniture and equipment, less \$1,503,186 accumulated depreciation . . . . .	417,311	396,501
Bonds held as deposits . . . . .	1,675,050	1,924,400
Other assets. . . . .	331,130	255,114
	1,893,385,238	1,756,453,213
Assets of the Mortgage Insurance, Home Improvement Loan Insurance and Rental Guarantee Funds . . . . .	108,356,832	92,688,369
	\$2,001,742,070	\$1,849,141,582
Mortgages under administration for Investors . . . . .	\$ 32,536,622	\$ 9,040,151



## BALANCE SHEET — DECEMBER 31 1962

(with comparative figures for 1961)

LIABILITIES	1962	1961
Accounts payable and accrued liabilities . . . . .	\$ 2,859,437	\$ 2,316,406
Deposits and contractors' holdbacks . . . . .	6,934,096	6,931,978
Unearned fees, rentals, and payments received on sales of Real Estate in process of execution . . . . .	447,602	688,635
Employees' Retirement Account . . . . .	89,787	82,190
Due to the Receiver General in respect of the excess in Reserve Fund over statutory limitation . . . . .	10,451,673	10,531,404
Estimated income tax less instalments paid . . . . .	3,741,590	3,109,714
Borrowings from the Government of Canada, evidenced by debentures of the Corporation:		
For lending under the Housing Acts, including \$11,295,311 accrued interest . . . . .	1,601,681,590	1,465,617,052
For acquisition and construction of Real Estate under Federal-provincial Agreements, including \$929,243 accrued interest . . . . .	102,501,100	94,028,974
For acquisition and construction of Real Estate, including \$1,287,983 accrued interest . . . . .	85,750,997	90,387,197
Surplus arising from valuation of properties acquired without cost from the Government of Canada . . . . .	2,914,901	3,272,151
Unrealized profits on Real Estate sold on deferred payment terms . . . . .	46,012,465	49,487,512
Capital, authorized and fully paid by the Government of Canada . . . . .	25,000,000	25,000,000
Reserve Fund . . . . .	5,000,000	5,000,000
	1,893,385,238	1,756,453,213
Reserves for Mortgage Insurance, Home Improvement Loan Insurance and Rental Guarantees . . . . .	108,356,832	92,688,369
	<u>\$2,001,742,070</u>	<u>\$1,849,141,582</u>
Equity of Investors in Mortgages under administration . . . .	<u>\$ 32,536,622</u>	<u>\$ 9,040,151</u>



Stewart Bates  
President



Chief Accountant

# STATEMENT OF INCOME AND EXPENDITURE

## INCOME

Interest earned on loans under the Housing Acts . . . . .	
Less: Interest on borrowings . . . . .	
Property Rentals . . . . .	
Less: Property Expenses:	
Interest on borrowings . . . . .	
Repairs, maintenance and other expenses . . . . .	
Payments to municipalities in lieu of taxes and for services . . . . .	
Depreciation on real estate and equipment . . . . .	
Interest earned on Corporation's share in projects under Federal-provincial agreements . . . . .	
Less: Interest on borrowings . . . . .	
Interest earned on agreements for sale and mortgages . . . . .	
Less: Interest on borrowings . . . . .	
Application fees earned on insured mortgage loans . . . . .	
Fees earned for services rendered to Government agencies . . . . .	
Profits (net) realized on dispositions of real estate acquired by capital expenditure . . . . .	
Premiums earned on sales of mortgages . . . . .	
Interest earned on investments in securities . . . . .	
Miscellaneous . . . . .	

## EXPENDITURE

Salaries . . . . .	
Pension Fund, group and unemployment insurance and medical examinations . . . . .	
Directors' fees and expenses . . . . .	
Auditors' fees and expenses . . . . .	
Legal fees and expenses . . . . .	
Examination fees paid to Approved Lenders . . . . .	
Fees to Approved Lenders re: Agency Loans . . . . .	
Information services . . . . .	
Office supplies and expenses . . . . .	
Rental and expenses of administrative premises . . . . .	
Telephone, telegraph and teletype . . . . .	
Travel, moving expenses and use of employee-owned automobiles . . . . .	
Interest allowed on deposits . . . . .	
Depreciation on business premises . . . . .	
Depreciation on office furniture and equipment . . . . .	
Losses on insured Corporation loans . . . . .	
Miscellaneous . . . . .	

## INCOME LESS EXPENDITURE FOR THE YEAR BEFORE INCOME TAX

Deduct: Estimated Income Tax . . . . .	
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## NET INCOME — TRANSFERRED TO RESERVE FUND



## FOR THE YEAR ENDED DECEMBER 31 1962

(with comparative figures for 1961)

	1962		1961	
	\$85,451,847		\$74,961,722	
	66,523,865	\$18,927,982	58,637,345	\$16,324,377
	<u>8,094,778</u>		<u>7,405,385</u>	
\$2,040,330			\$1,443,054	
3,158,619			2,092,029	
2,217,710			1,972,572	
<u>2,132,482</u>	9,549,141	(1,454,363)	<u>2,044,568</u>	7,552,223
				(146,838)
	4,001,273		3,660,105	
	<u>3,726,830</u>	274,443	<u>3,427,661</u>	232,444
	5,413,383		5,368,331	
	<u>1,084,236</u>	4,329,147	<u>1,063,624</u>	4,304,707
		1,928,657		2,186,049
		283,615		225,288
		289,706		328,259
		—		563,195
		168,936		44,372
		50,633		27,892
		<u>24,798,756</u>		<u>24,089,745</u>
8,328,400			7,554,646	
1,003,555			909,025	
7,484			7,633	
36,213			36,665	
19,746			17,460	
59,491			144,671	
1,011,308			1,115,044	
30,986			81,888	
538,472			484,165	
593,240			598,164	
189,739			178,789	
808,781			769,670	
105,916			105,828	
119,272			125,820	
104,134			98,398	
166,171			96,674	
<u>472,490</u>	13,595,398		<u>302,222</u>	12,626,762
		11,203,358		11,462,983
		5,615,000		5,731,000
	<u>\$ 5,588,358</u>			<u>\$ 5,731,983</u>

# RESERVE FUND FOR THE

Balance, January 1 . . . . .	
Add:	
Net Income for the year . . . . .	
Profits realized on sales of properties acquired without cost from the Government of Canada . . . . .	
Deduct:	
Excess over statutory limitation — transferred to the credit of the Receiver General . . . . .	
Balance, December 31 . . . . .	

## LOANS UNDER THE HOUSING ACTS

*Balances December 31 1961*

	<i>Number of Loans Outstanding</i>	<i>Value</i>
<i>Joint Loans (Corporation's Share)</i> . . . . .	108,468	\$ 154,270,892
<i>Uninsured Loans</i>		
Limited-dividend Housing Companies . . . . .	309	164,392,325
Mining, Lumbering, Logging and Fishing Industries . . . . .	15	4,402,483
Home Owners . . . . .	5,269	29,160,989
University Housing . . . . .	5	2,714,982
Municipal Sewage Treatment Projects . . . . .	28	2,986,020
Builders and Others, under Rental Guarantee Contracts . . . . .	579	71,306,828
	<u>6,205</u>	<u>274,963,627</u>
<i>Insured Loans to Builders and Home Owners</i>		
By the Corporation . . . . .	77,037	807,162,802
By Agents of the Corporation . . . . .	19,762	235,129,595
	<u>96,799</u>	<u>1,042,292,397</u>
	<u>211,472</u>	<u>\$1,471,526,916</u>

## AGREEMENTS FOR SALE AND MORTGAGES ARISING FROM SALES

*Balances December 31 1961*

	<i>Number of Accounts Outstanding</i>	<i>Value</i>
<i>Agreements for Sale</i> . . . . .	17,671	\$ 40,407,036
(Converted to Mortgages) . . . . .		
<i>Mortgages</i> . . . . .	13,304	60,889,152
(Converted from Agreements for Sale) . . . . .		
	<u>30,975</u>	<u>\$101,296,188</u>



## YEAR ENDED DECEMBER 31 1962

(with comparative figures for 1961)

1962		1961	
	\$ 5,000,000		\$ 5,000,000
\$5,588,358		\$5,731,983	
4,863,315	10,451,673	4,799,421	10,531,404
	15,451,673		15,531,404
	10,451,673		10,531,404
	\$ 5,000,000		\$ 5,000,000

## FOR THE YEAR ENDED DECEMBER 31 1962

## STATEMENT IV

1962				Balances December 31 1962	
Number of New Loans	Advances and Other Charges	Number of Loans Paid in Full and Foreclosures	Payments Received and Foreclosures	Number of Loans Outstanding	Value
—	\$ —	6,865	\$ 18,999,647	101,603	\$ 135,271,245
36	24,995,563	6	18,193,034	339	171,194,854
—	201,128	3	804,354	12	3,799,257
—	2,757,016	245	5,170,053	5,024	26,747,952
20	12,862,831	—	132,808	25	15,445,005
133	23,760,979	—	1,931,621	161	24,815,378
—	5,898,710	17	11,299,894	562	65,905,644
189	70,476,227	271	37,531,764	6,123	307,908,090
13,808	248,189,106	4,265	143,026,574	86,580	912,325,334
—	7,911	254	8,823,827	19,508	226,313,679
13,808	248,197,017	4,519	151,850,401	106,088	1,138,639,013
13,997	\$318,673,244	11,655	\$208,381,812	213,814	\$1,581,818,348
			Interest Accrued or Receivable		8,127,238
			Total (including payments in arrears three months and over \$563,562)		\$1,589,945,586

## OF PROPERTIES FOR THE YEAR ENDED DECEMBER 31 1962

## STATEMENT V

1962				Balances December 31 1962	
Number of New Accounts	Sales, Transfers and Other Charges	Number of Accounts Paid in Full	Payments Received	Number of Accounts Outstanding	Value
38	\$ 5,108,375	1,171	\$ 9,376,786	16,365	\$ 35,586,949
(173)	(551,676)				
946	12,572,462	467	10,035,006	13,956	63,978,284
173	551,676				
984	\$17,680,837	1,638	\$19,411,792	30,321	\$ 99,565,233
			Accrued Interest		453,964
			Total (including payments in arrears three months and over \$13,855)		\$100,019,197

# REAL ESTATE FOR THE YEAR

	<i>Balances</i> <i>December 31 1961</i>		<i>1962</i>	
			<i>Additions</i>	
	<i>Units</i>	<i>Amount</i>	<i>Units</i>	<i>Amount</i>
<i>Business Premises for Corporation Use . . .</i>	21	\$ 3,511,193	—	\$ —
<i>Rental Housing</i>				
Warworkers' Houses . . . . .	461	521,968	—	—
Servicemen's Housing				
1947 and prior Programmes . . .	322	966,000	—	—
1948 and 1949 Programmes				
Single Houses . . . . .	6,392	46,104,527	—	—
Multiple Dwellings . . . . .	623	5,369,008	—	—
Housing at Pembroke, Gander, Renfrew and Sorel . . . . .	531	6,303,248	—	—
Housing at Prince Rupert . . . . .	—	—	—	259,546
Housing acquired from Limited- dividend Housing Companies				
Single Houses . . . . .	390	3,263,151	196	1,657,064 <sup>(1)</sup>
Multiple Dwellings . . . . .	3,147	26,447,792	713	5,001,032 <sup>(1)</sup>
Garages . . . . .	232			
Housing acquired arising from Rental Guarantee Loans				
Multiple Dwellings . . . . .	—	—	456	2,441,369 <sup>(1)</sup>
	12,098	88,975,694	1,365	9,359,011
<i>Housing Acquired Under Guarantee</i>				
Agreements . . . . .	5	46,947	—	—
<i>Other Real Estate</i>				
Vacant Land . . . . .	—	401,381	—	48,723
Miscellaneous . . . . .	26	110,468	7	42,020
	26	511,849	7	90,743
	12,150	\$93,045,683	1,372	\$9,449,754

(1) Represents acquisitions arising from mortgage defaults by companies.

(2) Adjustment of 1961 disposition.

## CORPORATION'S SHARE IN THE JOINT OWNERSHIP OF REAL ESTATE UNDER FEDERAL-

	<i>Balances</i> <i>December 31 1961</i>		<i>1962</i>
			<i>Additions</i>
Rental Housing Projects . . . . .	\$77,118,108		\$6,894,528
Land Assembly Projects . . . . .	11,310,319		663,283
	\$88,428,427		\$7,557,811



ENDED DECEMBER 31 1962

1962		Balances December 31 1962			
Dispositions					
Units	Amount	Units	Amount	Accumulated Depreciation	Net Book Value
1	\$ (14,204) <sup>(2)</sup>	20	\$ 3,525,397	\$ 1,119,808	\$ 2,405,589
7	6,538	454	515,430	—	515,430
63	189,000	259	777,000	381,439	395,561
750	5,399,351	5,642	40,705,176	11,034,537	29,670,639
—	—	623	5,369,008	1,907,010	3,461,998
10	113,000	521	6,190,248	970,753	5,219,495
—	—	—	259,546	6,489	253,057
6	40,556	580	4,879,659	849,197	4,030,462
—	—	3,860 } 232 }	31,448,824	4,143,578	27,305,246
—	—	456	2,441,369	61,034	2,380,335
836	5,748,445	12,627	92,586,260	19,354,037	73,232,223
1	9,323	4	37,624	8,811	28,813
—	35,378	—	414,726	—	414,726
6	36,870	27	115,618	36,555	79,063
6	72,248	27	530,344	36,555	493,789
844	\$5,815,812	12,678	\$96,679,625	\$20,519,211	\$76,160,414

PROVINCIAL AGREEMENTS FOR THE YEAR ENDED DECEMBER 31 1962

1962	Balances December 31 1962		
Dispositions	Amount	Accumulated Recovery of Investments	Net Book Value
\$ —	\$84,012,636	\$2,830,976	\$81,181,660
574,231	11,399,371	—	11,399,371
\$574,231	\$95,412,007	\$2,830,976	\$92,581,031

# STATEMENT OF MORTGAGE INSURANCE, HOME IMPROVEMENT LOAN

## ASSETS

## MORTGAGE

	1962	1961
Cash . . . . .	\$ 632,015	\$ 366,141
Securities issued or guaranteed by the Government of Canada, at amortized cost (approximate market value \$76,790,300) . . .	80,669,618	76,895,407
Accrued interest on securities . . . . .	1,220,745	1,196,487
Mortgages . . . . .	4,936,035	1,517,217
Accrued interest on mortgages . . . . .	27,025	8,289
Real estate, at cost, represented by claims in process for payment . .	1,136,027	3,110,967
Real estate, at cost less recoveries, for properties at Elliot Lake . . .	6,769,080	3,230,826
Other real estate, at lower of cost or estimated realizable value . . .	7,848,222	3,554,207
	<u>103,238,767</u>	<u>89,879,541</u>
Claims in process for payment . . . . .	(1,136,027)	(3,110,967)
Tenants' deposits . . . . .	(70,420)	—
	<u>(1,206,447)</u>	<u>(3,110,967)</u>
	<u>\$102,032,320</u>	<u>\$86,768,574</u>

Contingent liabilities: mortgage insurance

## HOME IMPROVEMENT

Cash . . . . .	\$ (2,457)	\$ 14,514
Securities issued or guaranteed by the Government of Canada, at amortized cost (approximate market value \$2,349,300) . . .	2,437,841	2,130,967
Accrued interest on securities . . . . .	34,438	31,835
Mortgages . . . . .	8,719	—
Accrued interest on mortgages . . . . .	48	—
Real estate, at cost . . . . .	<u>2,775</u>	<u>15,916</u>
	2,481,364	2,193,232
Claims in process for payment . . . . .	(29,045)	—
	<u>\$ 2,452,319</u>	<u>\$ 2,193,232</u>

Contingent liabilities: amount insured

## RENTAL

Cash . . . . .	\$ 22,464	\$ (18,366)
Securities issued or guaranteed by the Government of Canada, at amortized cost (approximate market value \$3,557,000) . . .	3,839,132	3,691,415
Accrued interest on securities . . . . .	54,936	53,514
	<u>3,916,532</u>	<u>3,726,563</u>
Claims in process for payment . . . . .	(44,339)	—
	<u>\$ 3,872,193</u>	<u>\$ 3,726,563</u>

Contingent liabilities: current year's rentals

Total . . . . .	<u>\$108,356,832</u>	<u>\$92,688,369</u>
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## INSURANCE AND RENTAL GUARANTEE FUNDS — DECEMBER 31 1962

(with comparative figures for 1961)

## RESERVES

## INSURANCE FUND

	Balances December 31 1961	Year 1962	Balances December 31 1962
Fees and premiums received . . . . .	\$75,135,462	\$11,576,518	\$ 86,711,980
Net income from securities . . . . .	11,685,881	3,604,915	15,290,796
Interest earned on mortgages . . . . .	105,658	217,293	322,951
Rentals earned on real estate . . . . .	216,531	862,874	1,079,405
Real estate acquired on claims . . . . .	11,713,038	9,714,641	21,427,679
Profit (net) on sales of securities . . . . .	40,687	—	40,687
Profit (net) on sales of real estate . . . . .	(3,975)	60,552	56,577
	<u>98,893,282</u>	<u>26,036,793</u>	<u>124,930,075</u>
Deduct:			
Claims and legal expenses . . . . .	11,713,038	9,714,641	21,427,679
Sales expense . . . . .	—	100,248	100,248
Allowance for revaluation of real estate . . . . .	164,524	177,400	341,924 <sup>(1)</sup>
Maintenance of real estate . . . . .	247,146	780,758	1,027,904
	<u>12,124,708</u>	<u>10,773,047</u>	<u>22,897,755</u>
	<u>\$86,768,574</u>	<u>\$15,263,746</u>	<u>\$102,032,320</u>

(1) Excluding properties at Elliot Lake and claims in process.

in force approximately \$4,123,000,000

## LOAN INSURANCE FUND

Fees and premiums received . . . . .	\$ 2,370,658	\$ 382,443	\$ 2,753,101
Net income from securities . . . . .	317,649	106,196	423,845
Interest earned on mortgages . . . . .	—	269	269
Rentals earned on real estate . . . . .	882	608	1,490
Recoveries on claims . . . . .	42,754	37,969	80,723
Real estate acquired on claims . . . . .	15,916	(13,141)	2,775
Profit (net) on sales of securities . . . . .	1,873	—	1,873
Profit (net) on sales of real estate . . . . .	—	(3,247)	(3,247)
	<u>2,749,732</u>	<u>511,097</u>	<u>3,260,829</u>
Deduct:			
Claims and legal expenses . . . . .	556,023	251,453	807,476
Maintenance of real estate . . . . .	477	557	1,034
	<u>556,500</u>	<u>252,010</u>	<u>808,510</u>
	<u>\$ 2,193,232</u>	<u>\$ 259,087</u>	<u>\$ 2,452,319</u>

approximately \$ 12,976,000

## GUARANTEE FUND

Fees and premiums received . . . . .	\$ 3,891,281	\$ 358,649	\$ 4,249,930
Net income from securities . . . . .	694,529	173,079	867,608
Profit (net) on sales of securities . . . . .	(238)	—	(238)
Sundry income . . . . .	3,600	39,301	42,901
	<u>4,589,172</u>	<u>571,029</u>	<u>5,160,201</u>
Deduct:			
Claims and legal expenses . . . . .	862,609	425,399	1,288,008
	<u>\$ 3,726,563</u>	<u>\$ 145,630</u>	<u>\$ 3,872,193</u>

guaranteed approximately \$ 15,006,000

Total . . . . .	<u>\$92,688,369</u>	<u>\$15,668,463</u>	<u>\$108,356,832</u>
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# EXPLANATORY NOTES TO FINANCIAL STATEMENTS

## ASSETS

### *Accounts receivable*

Balances due from housing authorities in respect of annual instalments on Corporation's share of investment in Federal-Provincial housing projects, rentals due from housing tenants and sundry accounts receivable from government departments and agencies, and others. Of an increase of \$481,000 over 1961, \$424,000 is attributable to increased amounts receivable from housing authorities due to the operation of a larger number of projects.

### *Expenditures recoverable from Provincial Governments under Federal-Provincial Agreements*

Expenditures representing provincial share of the cost of land assembly and rental housing projects currently recoverable from provincial governments including an amount due from the Province of Newfoundland of \$671,500 which has been accruing since October 1 1958.

### *Due from the Minister of Public Works on current account*

Balance of recoverable expenditures for (a) net premiums arising from sales of mortgages; (b) research, investigations, planning and information services; (c) fees and expenses for supervising construction of military housing and schools for the Department of National Defence; (d) other sundry items.

### *Due from the Minister of Public Works for losses (net) in respect of loans, guarantees and other commitments under the Housing Acts*

Operating losses (net) on Corporation's share in Federal-Provincial housing projects, less profits (net) on sales of properties acquired by foreclosure of joint loans and Corporation uninsured loans.

### *Advances to Municipalities and others on deferred repayment terms*

Balances recoverable in respect of financing the installation of municipal ground services by the Corporation in partnership with provincial governments.

### *Corporation's share in the joint ownership of Real Estate under Federal-Provincial Agreements*

Comprises 75% of (a) the unrecovered cost of rental housing projects; (b) unsold lots and; (c) uncollected balances on lots sold in land assembly projects. Investment in rental housing projects is recoverable by annual instalments from housing authorities, and cost of land assembly projects is recoverable from proceeds of lot sales.

### *Bonds held as deposits*

Consists of bonds issued or guaranteed by governments, and held primarily (a) on behalf of rental guarantee mortgagors to ensure availability of funds for repairs and replacements; (b) as borrowers' tax deposits; (c) as security deposits in respect of construction contracts.

### *Other assets*

Unexpired portion of group and other insurance premiums, unexpired portion of grants to municipalities in lieu of taxes, accountable advances to employees, cafeteria inventories and sundry prepaid expenses.

### *Mortgages under administration for Investors*

Insured mortgages sold by the Corporation to investors who have elected that the mortgages be administered by the Corporation.

## LIABILITIES

### *Accounts payable and accrued liabilities*

Unpaid progress estimates owing to contractors, amounts for operating expenses owing or accrued, balances owing to municipalities in respect of house sales and to provincial governments under Federal-Provincial Agreements.

### *Deposits and contractors' holdbacks*

Consists primarily of deposits in respect of the cost of replacements and repairs and rental guarantee premiums not yet due as provided for in rental guarantee contracts, deposits to guarantee satisfactory



completion of contracts and payments withheld in respect of work performed, borrowers' tax deposits, tenants' rent deposits and other deposits in respect of commitments to the Corporation.

#### *Employees' Retirement Account*

Amounts deposited by employees who are not participants in the Pension Fund, held pending retirement or separation. The Pension Fund which is established under authority of the CMHC Act is not included in these statements, being vested in trustees.

#### *Borrowings from the Government of Canada*

	<i>Amount Borrowed in 1962</i>	<i>Amount Repaid in 1962</i>
Borrowings for lending under the Housing Acts (\$ million).....	205.5	70.0
Borrowings for acquisition and construction of real estate under Federal-Provincial Agreements (\$ million).....	10.0	1.6
Borrowings for acquisition and construction of real estate (\$ million).....	—	4.6

#### *Surplus arising from valuation of properties acquired without cost from the Government of Canada*

Capitalized value of remaining real estate acquired without cost from Wartime Housing Limited in 1948, and of housing projects at Renfrew and Sorel acquired from the Department of Defence Production in 1957.

#### *Unrealized profits on Real Estate sold on deferred payment terms*

Each year a proportionate amount of unrealized profits, based on the recoveries of principal to the sales price, is treated as earned or realized. Such realizations are credited to Reserve Fund when arising from sales of real estate acquired by the Corporation without cost, and to the income account when arising from sales of real estate acquired by capital expenditure.

## INCOME

In 1962 advances on loans made under the Housing Acts exceeded repayments by \$110,000,000. This resulted in an increase of \$10,500,000 in gross interest earned over 1961. Interest on borrowings for lending purposes increased by only \$7,900,000 thereby resulting in a net increase in interest earned of \$2,600,000.

During 1962, 844 rental housing units were sold and 1372 added to the housing inventory, a net increase of 528 units under administration. Of the housing units added, 1365 were acquired through mortgage defaults. Rental revenue increased by \$689,000 while operating expenses increased by \$1,997,000 resulting in an increase in net rental loss of \$1,308,000. Increased operating expenses were mainly attributable to increased costs of repairs and maintenance, larger payments to municipalities in lieu of taxes and a greater provision for depreciation. While the increased number of housing units resulted to some extent in higher operating expenses, they did not yield a comparable increase in rental revenue due to high vacancy loss.

Application fees earned on insured mortgage loans decreased by \$257,000 from the previous year due to a decline in the lending activity in 1962 and the Corporation's practice of treating fees received as being earned over an eight month period.

## EXPENDITURE

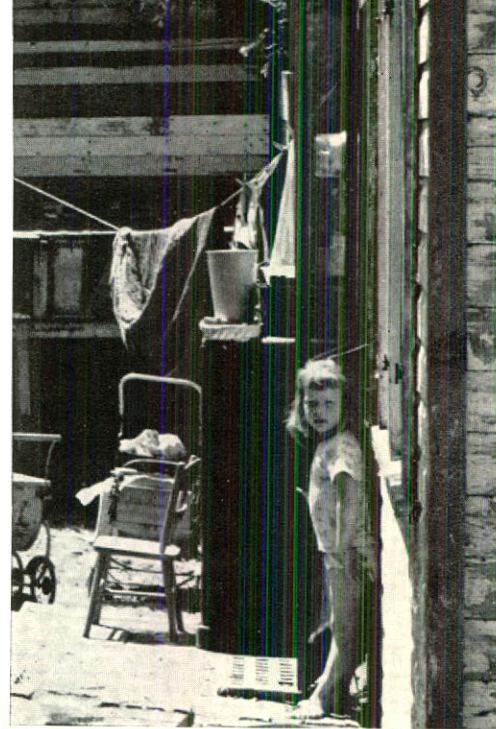
Expenditure was \$969,000 greater than in the preceding year as compared to an increase of \$709,000 in income.

The increases of \$774,000 in salaries and of \$95,000 in Pension Fund, group and unemployment insurance expenses are due mainly to a general increase in wage levels.

Losses on insured Corporation loans represent losses on defaulted loans not claimable against the Mortgage Insurance Fund.

Other increases in expenditure resulted from the general expansion of the Corporation's activities.





■ Poor housing like that shown above is being cleared and residents offered accommodation on the site or elsewhere in housing provided under Federal-Provincial arrangements. Two recent projects are (upper left) Skeena Terrace, Vancouver and (left) Mulgrave Park, Halifax.



## LEGISLATION AND POLICY

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*On December 20, the National Housing Act was amended by CH. 17, S.C., 1962-63, as follows:*

To extend for an additional two years (to March 31, 1965) the period within which construction of a sewage treatment project for which a loan has been or is to be made must be completed if the municipality or municipal corporation is to be granted a reduction of indebtedness.

NHA  
Section 36G

*The main amendment to the National Housing Loan Regulations was as follows:*

To incorporate minor changes in the policy of mortgage loan insurance issued to approved lenders and to clarify certain definitions and forms in the Home Improvement Loan provisions.

*Principal policy changes in 1962 were:*

On April 30, family allowances were excluded in computing incomes for setting rents in Federal-Provincial public housing projects in Ontario where rents are based on family income; the same arrangement was subsequently negotiated with some other provinces.

On June 25, the list of institutions eligible for loans to assist in financing accommodation for resident students was extended to include not only degree-conferring universities and colleges but junior colleges affiliated with universities and which teach two years of the curriculum leading to a degree from the parent university.

On November 8, the Corporation was authorized to make two loans, not subject to the pre-sale requirement, to any builder to assist in financing construction of display houses, provided applications were received prior to January 1, 1963.

On December 6, as a further stimulus to development of a mortgage market in Canada, the Corporation was authorized to make available short-term lending facilities to NHA approved lenders.

On December 20, the Government directed the Corporation to consider applications for rental loans in all centres — particularly the smaller communities — where, in the opinion of the Corporation, a need exists and applicants are unable to obtain mortgage financing from approved lenders.

## CENTRAL MORTGAGE AND HOUSING CORPORATION

*Central Mortgage and Housing Corporation is a Federal Crown corporation incorporated by Act of Parliament in 1945 (R.S.C. 1952, c. 46). Under this Act, the National Housing Act, 1954, and earlier Housing Acts, the Corporation is empowered to:*

Insure mortgage loans on new housing made by banks, life insurance, trust and loan companies and other approved lenders;

NHA  
Section 6

Make mortgage loans to borrowers unable to obtain insured loans from private NHA lenders and make mortgage loans to limited-dividend housing companies on low-rental housing projects;

NHA  
Sections 16, 40

Make loans to universities to assist in providing dormitory accommodation for resident students;

NHA  
Section 36B

Make loans to municipalities or municipal sewerage corporations to assist in the construction or expansion of sewage treatment projects for the control of water and soil pollution;

NHA  
Section 36F

Provide insurance to banks on loans made for home improvement, and guarantee returns from moderate-rental housing projects built by life insurance companies and private investors;

NHA  
Sections 14, 15, 24, 25, 30

Buy and sell insured mortgage loans, make loans to mortgage lenders on the security of mortgages and purchase the debentures of lending institutions;

NHA  
Section 11  
CMHC Act, Section 28

On behalf of the Federal Government, join with municipalities in the acquisition and clearance of blighted areas for urban redevelopment;

NHA  
Section 23

Undertake jointly with provincial governments the development of serviced land for residential purposes, the construction of new housing projects and the acquisition of existing buildings in urban renewal areas and their improvement or conversion for public housing;

NHA  
Section 36

Construct, own and manage housing projects on its own account and on behalf of Federal Government departments and agencies;

NHA  
Section 37  
CMHC Act, Section 29

Encourage the development of better housing and sound community planning and, in carrying out this responsibility, to undertake or arrange for studies and research on the technical, economic and social aspects of housing.

NHA  
Sections 31, 32, 33



## BOARD OF DIRECTORS

\*STEWART BATES,  
*President and Chairman of the Board*

\*P. S. SECORD, O.B.E.,  
*Vice-President*

\*\*A. G. BOISCLAIR,  
*Montreal*

R. B. BRYCE,  
*Ottawa*

MRS. MARGARET CAMPBELL, Q.C.,  
*Toronto*

\*DR. A. F. LAIDLAW,  
*Ottawa*

N. D. LAMBERT, C.B.E.,  
*Vancouver*

J. C. MILLER, Q.C.,  
*Portage la Prairie*

\*J. F. PARKINSON,  
*Ottawa*

MAJOR-GENERAL H. A. YOUNG, C.B., C.B.E., D.S.O., C.D.,  
*Ottawa*

*\*Member of the Executive Committee*

*\*\*Alternate Member of the Executive Committee*

## CENTRAL MORTGAGE AND HOUSING CORPORATION OFFICES

### HEAD OFFICE

Ottawa, Canada

### REGIONAL OFFICES

Halifax

Montreal

Toronto

Winnipeg

Vancouver

### LOCAL OFFICES

Fredericton, Gander, Halifax, Moncton, Saint John,  
St. John's.

Chicoutimi, Montreal, Quebec, Rimouski, St-Lambert,  
Sherbrooke, Trois-Rivières, Val-d'Or, Sept-Îles.

Barrie, Elliot Lake, Fort William, Hamilton, Kingston,  
Kitchener, London, North Bay, Oshawa, Ottawa,  
Peterborough, St. Catharines, Sarnia, Sault Ste. Marie,  
Scarborough, Sudbury, Toronto, Windsor.

Calgary, Edmonton, Lethbridge, Red Deer, Regina,  
Saskatoon, Winnipeg.

Kelowna, New Westminster, Prince George, Trail,  
Vancouver, Victoria, Dawson Creek.







Ottawa, CANADA