



CENTRAL
MORTGAGE
AND HOUSING
CORPORATION
ANNUAL 19
REPORT 63

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AND HOUSING
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CENTRAL MORTGAGE AND HOUSING CORPORATION

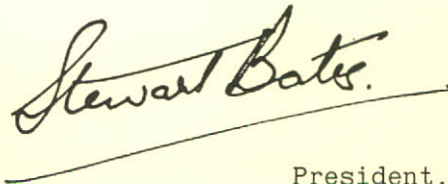
March 10, 1964.

Honourable J. R. Garland, P.C., M.P.,
Ottawa, Canada.

Dear Mr. Garland:

On behalf of the Board of Directors,
I have the honour to submit to you the 18th annual
report of Central Mortgage and Housing Corporation
and a statement of accounts for the year
ended December 31, 1963.

Yours very truly,


President.

I CANADA'S HOUSING IN 1963

A fourth-quarter surge in starts of single-family dwellings, combined with gains in the volume of new rental properties, carried house construction to near-record levels in 1963.

Starts financed from all sources numbered 148,624 units—14.2% more than the 130,095 recorded in 1962. The 1963 total had been exceeded only once before, in 1958. Completions amounted to 128,191 units, as compared with 126,682 in 1962.

This activity represented an investment valued at \$1.7 billion, up 7.9% from the \$1.6 billion in the previous year.

Perhaps the most significant development was the more than 96,613 units under construction at the year-end. This compared with 76,153 units a year earlier and gave promise of a record volume of investment and employment in house-building in the first few months of 1964.

The increase in starts for 1963 took place both in apartments and single-detached units. Starts of apartments and row houses were up 42.3%—single-detached dwellings by 3.6%. Starts of single-detached dwellings were relatively low in the first three quarters of 1963, 10.8% below those for the same period in 1962. The trend here strengthened in October and then rose to an exceptionally high level by the end of the year. In fact, in the fourth quarter, starts of these dwellings were 55.6% higher than 1962.

The upturn in starts of dwellings intended primarily for home ownership in the last few months of the year was largely the result of special arrangements to stimulate house-building in the winter months.

In June, reductions in interest rates and down payment requirements on National Housing Act loans and the removal of the sales tax exemption previously accorded to building materials were announced, together with a programme of winter incentive payments. The incentive arrangement provided for payments of \$500 per dwelling unit to the first purchasers of houses for which most of the construction work was done in the winter months, December, 1963 to March, 1964. The payment reduced the amount of equity required by eligible purchasers. The effect of the arrangement under the National Housing Act was additional to that accruing from the reduction in down payment requirements on loans under the Act. These measures combined to provide considerable

stimulus to the demand for new home-ownership dwellings in the last few months of the year and, in turn, created a greater demand for mortgage funds.

Residential mortgage money was in good supply from institutional lenders in the first half of the year, both National Housing Act and conventional loans. Indeed, the ready availability of funds was one of the factors supporting the large increase in starts of rental units. After mid-year, and following the reduction in the interest rate on NHA mortgages, developments in the United States—the rise of the U.S.A. Federal Reserve discount rate and the proposed interest equalization tax—had the effect of increasing the level of long-term interest rates in Canada.

One result of this was to reduce the attractiveness to institutional lenders of National Housing Act mortgage loans as investments. Because of forward commitments, however, it was not until October that there was a marked reduction in the volume of loans made under the NHA by approved lenders. Late in September, the flow of NHA mortgage loans was supplemented by an extension of the direct lending programme of Central Mortgage and Housing Corporation. In this manner, mortgage funds were available to meet the exceptionally heavy demands of the last three months of the year and to make possible a record winter house-building programme.

With the year-by-year unfolding of the Canadian housing scene, the National Housing Act continues to be a significant factor in improving the nature and quality of the urban environment.

Apart from mortgage insurance and mortgage lending assistance, its facilities have been employed to advantage by every province and by hundreds of municipalities. In many cities, NHA has helped to finance housing studies and, in a number of instances, these have been translated into positive action in the fields of urban renewal and public housing. Universities have been helped to resolve the problem of providing student residences. More than 39% of the Canadian population lives in cities, towns or villages that have received NHA financial aid for municipal sewage treatment projects. Research, scholarship and bursary programmes are making significant contributions on many fronts.

But tasks of this magnitude require a constant reappraisal of legislation, policy and procedures as new problems arise and new techniques are developed. It is for this reason the Government has indicated its intention to introduce amendments to the National Housing Act in 1964—with emphasis on more housing for lower-income families and a still greater measure of encouragement to the processes of city growth and development.



II CMHC OPERATIONS

Direct lending activities of the Corporation showed a marked increase during 1963, largely as the result of a new programme of builders' loans in a six-week period late in the year. In the fourth quarter alone more than 16,000 applications were received for CMHC loans from home owners and merchant builders who were unable to obtain financing from approved lenders. Altogether, loans for 54,694 dwelling units were approved under the National Housing Act in 1963—an increase of 16.0% over the preceding year. Approved lenders made loans for 30,085 dwelling units, 7.3% less than in 1962 but this decline was more than offset by the sharp rise in CMHC loans.

Although the average institutional loan was larger, the decline in the number of loans made by NHA approved lenders showed a reduced amount of \$364.5 million in 1963 (\$383.9 million in 1962). The Corporation provided \$295.8 million in 1963 (\$163.3 million in 1962) from public funds.

There were several changes in the policy governing NHA lending during 1963. In June, the interest rate was reduced to $6\frac{1}{4}\%$ from $6\frac{1}{2}\%$.

At the same time down payment requirements were lowered under the National Housing Act. This reduction varied from \$250 on a house with a lending value of \$13,000 to \$700 on a house with a lending value of \$18,000 or more. As well, the maximum amount for NHA loans on apartment dwellings was increased from \$8,750 to \$12,000 a unit.

On September 23, to ensure an adequate supply of mortgage funds to support the winter-building programme, direct loans were made available to builders without the requirement that the houses so financed must have been pre-sold to satisfactory purchasers. By November 15, it was apparent enough loan applications had been received to achieve the Government's objective and the Corporation reverted to its previous policy of making loans only to builders where a sale had already been arranged and to home owners unable to obtain financing from approved lenders.

The Corporation carried out nearly half a million compliance inspections of NHA-financed houses during 1963, and in addition, upon the request of the Department of Labour, provided the inspection services necessary for certification of winter-built housing. The latter inspection service, although not as detailed as normal compliance inspection, did nevertheless require careful review to ensure work had not proceeded beyond a stage that would qualify the house for the winter incentive payment. The houses were not necessarily NHA-financed but included any constructed under the winter house-building programme.

The capital expansion undertaken by universities during 1963 resulted in a large volume of loans for student residences.

The arrangement for partial debt cancellation on loans for municipal sewage treatment projects was extended from March 31, 1963 to March 31, 1965 and this enabled many more municipalities to take advantage of the legislation during the year.

The Corporation's planning, design and engineering activities were maintained at a high level during the year in response to requests for those services by Federal departments and other agencies, and also as a result of the continuing requirement of provinces and municipalities for assistance under the National Housing Act to support urban renewal and low-rental housing programmes.

After provision for income tax, the Corporation's net income in 1963 was \$5.2 million, a decrease of \$0.4 million from the figure reported in 1962. After transferring the net income 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 \$10.1 million was credited to the Receiver-General.

INSURED LOANS BY APPROVED LENDERS

NHA
Sections 6, 7, 8 In 1963, as in the previous year, there was a small reduction in insured mortgage lending by the life insurance and trust and loan companies under the National Housing Act. The volume was 5.0% lower than in 1962 which, in turn, was 12.6% below the total for 1961. The pattern during the year was very similar to 1962 with approved lenders investing in insured loans at a very high level in the first half of the year, followed by a gradual decline during the remainder of the period. The reduced volume was reflected in loans to home owners and to merchant builders. NHA lending for insured rental loans was higher than in 1962.

During 1963, approved lenders made loans for 22,035 units to home owners and merchant builders compared to 24,613 units in 1962. In the same period they made loans for 8,050 units for rental accommodation against 7,824 units in 1962. (CHS—Table 40)

LOANS BY THE CORPORATION

During the first nine months of 1963, the volume of direct lending was substantially lower than in 1962, but in the last quarter loans for 15,333 units were approved resulting in the largest direct lending programme since 1959. The total number of home-owner and builder units financed by direct loans, during the year as a whole, was 21,953.

Corporation Loans to Owners and Builders

NHA
Section 40 In 1963, the Corporation approved loans to owner-applicants for 8,012 dwellings and to builders for 13,941. The comparable figures for 1962 were 8,234 and 4,989 units. (CHS—Table 41)

In December, 1962 the Government authorized CMHC to make direct loans for privately-sponsored rental housing projects—particularly in smaller communities—where

loans were not obtainable from approved lenders. A total of 562 units was financed in 1963 under the programme.

Loans to Limited-Dividend Companies

The policy governing limited-dividend loans sponsored by entrepreneurs or non-profit organizations was unchanged during the year, except on October 31 when the interest rate was raised to $5\frac{1}{4}\%$ from $5\frac{1}{8}\%$. As in 1962, restrictive terms were applied to entrepreneurs as distinct from non-profit organizations and applications were considered on a selective basis.

NHA
Section 16

Thirty-six loans were approved to limited-dividend housing companies in 1963 for the construction of 2,094 dwellings for elderly persons and families of low-income. In 1962, 30 loans for 1,482 housing units were approved.

Limited-dividend loans approved in 1963 provided 1,111 units for families of low-income and 983 for elderly persons. Of these 1,889 were constructed by non-profit organizations and municipalities and 205 by entrepreneurs. There were 340 units for families of low-income and 1,142 units for elderly persons approved during the previous year. (CHS—Table 45)

LOANS FOR UNIVERSITY HOUSING PROJECTS

In 1963, 33 loans for \$27.6 million were made to universities and colleges for the construction of residential accommodation for 6,397 students. During 1962, loans were approved to 19 institutions for \$21.3 million to house 4,366 students.

NHA
Section 36B

Since December, 1960 when the Corporation was first authorized to make loans for university housing projects, 74 such loans for \$70.1 million have been approved. The residences will accommodate 15,066 students. (CHS—Table 73)

LOANS FOR MUNICIPAL SEWAGE TREATMENT PROJECTS

During 1963, 129 municipalities obtained 178 loans in an aggregate amount of some \$36 million. Since the enactment of the legislation in December, 1960, 532 loans with a total value of \$119 million have been approved in 442 municipalities. More than 17.5% of Canadian cities, towns and villages has received assistance under the Act. (CHS—Table 75)

NHA
Section 36F

MUNICIPAL DEVELOPMENT AND LOAN ACT

To stimulate employment, Parliament approved the Municipal Development and Loan Act on August 2, 1963. After deducting the amounts of any applicable Federal and provincial grants, a loan under this Act may be made for up to two thirds of the cost of a wide range of municipal projects. As an additional incentive one quarter of the loan will be forgiven for work put in place by March 31, 1966.

To administer the Act, the Municipal Development and Loan Board was established and under the Act's provisions, the Corporation provides certain services and performs certain advisory functions on behalf of the Board, except in the provinces of Manitoba,

Ontario, Quebec and Saskatchewan. These four provinces have elected to administer the loans on their own behalf.

In Alberta, British Columbia, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island and the Territories, the Corporation acts on behalf of the Board. Functions provided by the Corporation include receipt of loan applications, provision of information services, inspection of work and any other specific functions agreed on between the Board and the Corporation.

Since the Board began to accept applications on November 1, 1963, six loans for an estimated amount of \$2 million have been approved to municipalities in the six provinces where the Corporation is acting for the Board. In the four provinces which have agreements with the Board to administer the fund on their own behalf, one loan for \$300,000 has been approved.

HOME IMPROVEMENT LOANS

NHA Sections 24, 25, 30 There was a decline in the volume of NHA guaranteed bank loans for home improvement undertakings during 1963 with banks approving 22,024 loans in a total amount of \$36.7 million compared to 23,895 for \$38.0 million in 1962. Since the programme commenced in 1954, 252,345 loans have been approved to the end of 1963 for an amount of \$312.1 million against which the Corporation's liability is \$14.5 million or 5% of total loans made by each lender. (*CHS—Table 46*)

The banks reported \$71.7 million as the outstanding debt on home improvement loans at the end of 1963 while the Home Improvement Loan Insurance Fund stood at \$2.6 million. Claims and legal expenses against the Insurance Fund paid to the banks during 1963 increased to \$366,299 from \$235,549 in 1962. Total claims and legal expenses paid to date amount to \$1,141,954 of which \$117,771 has been recovered by the Corporation.

MORTGAGE ADMINISTRATION

Mortgage debt outstanding under the National Housing Acts amounted to \$5.3 billion at the end of 1963, close to one third of all mortgage debt in Canada. The total increased by \$308 million in 1963 as NHA loan advances exceeded repayments on mortgage loans outstanding.

Most of the mortgage debt arising from the operations of the National Housing Acts, or \$4.0 billion, represented insured loans originated under the 1954 Act. The remainder was debt arising from joint loan operations in effect prior to 1954 and debt resulting from uninsured loans made by the Corporation.

With holdings of well over \$1.7 billion at the end of 1963, the Corporation continued to hold the largest single share of mortgage debt under the Housing Acts. A substantial part of these holdings resulted from the Corporation's direct lending programmes of 1957 and successive years. The life insurance companies together held \$1.9 billion of the debt and the other approved lenders \$1.3 billion. The remainder of the mortgage debt in the amount of \$452 million was held by Pension Funds and other purchasers on the secondary mortgage market. (*CHS—Table 65*)

With a continuing increase in outstanding NHA mortgage loans, there were more cases of arrears in loan repayments and of properties being acquired by lenders through foreclosure or other means following continued default. When these are related to the volume of mortgages outstanding, however, they represent a very small proportion of the total and in some categories a smaller proportion in 1963 than in 1962.

Arrears, Defaults and Claims

Cases of arrears of three months or more in loan repayments totalled 2,347 at the end of 1963 compared to 2,116 the year before. Relative to the number of loans outstanding this represented an increase from 0.41% to 0.44%. For loans administered by approved lenders the proportion in arrears at the end of 1963 was 0.41%, slightly higher than the year before, while for loans administered by the Corporation the proportion was 0.53%, a small increase from the previous year.

Defaults in loan repayments resulting in the acquisition of the properties concerned, by foreclosure or other means, declined from 2,486 units in 1962 to 1,837 in 1963. In terms of NHA mortgage loans outstanding, these property acquisitions represented 0.20% in 1963 the same as the ratio in 1962. Of the property acquisitions in 1963, 396 loans were administered by approved lenders and 681 by the Corporation.

In most of the defaults resulting in property acquisition in 1963, the loans were insured and claims could be made against the Mortgage Insurance Fund. In 17 cases, the holder of the mortgage preferred to retain or to dispose of the property rather than to make a claim against the Fund.

Claims paid out of the Mortgage Insurance Fund totalled \$13.9 million in 1963. This was equivalent to 0.31% of the \$4.5 billion of insured mortgages outstanding. Claims on the Fund to the end of 1963 numbered 3,066 cases. This was 0.70% of the total of 438,268 insured loans approved since the insurance arrangement came into effect in 1954. With new premiums and earnings of the Fund amounting to \$14.3 million in the year, the assets of the Fund increased to \$116 million from \$102 million at the end of 1962.

Mortgage Marketing

Sales of insured mortgages in 1963, including those by CMHC, amounted to \$129 million compared to \$101 million the previous year, up 27%. Half of the increase was in sales by the Corporation; loans sold increased from \$48 million to \$61.1 million. Both figures relate only to initial sales and not to subsequent transactions. (*CHS—Table 56*)

The Corporation made two offerings by auction in 1963, to members of the Investment Dealers' Association of Canada, NHA approved lenders and their approved correspondents. The two offerings totalled \$95 million but sales were limited to \$70 million, the excess providing greater selectivity to prospective purchasers. These two auctions, together with sales of previous years, brought total sales to the end of 1963 to \$152.5 million. This amount included the purchase of \$7.4 million of NHA mortgages by the Corporation's Pension Fund.

The estimated gross yield on 6% mortgages sold in the first offering was 6.46% while

NHA
Section 11

the yield on $6\frac{3}{4}\%$ mortgages was 6.49% . The prices at which mortgages were sold at the second auction indicated estimated gross yields at 6.31% for 6% mortgages and 6.40% on $6\frac{3}{4}\%$ mortgages.

REAL ESTATE ADMINISTRATION

NHA
Section 37
CMHC Act
Section 29

During 1963, the Corporation's residential holdings decreased from 12,245 to 11,957 units, comprising 5,075 apartment suites and 6,882 houses. The net decrease resulted from the sale of 537 houses and the acquisition of only 249 units. Total vacancies at the year-end were 639 or 5.3% of all units—as compared with a 1962 vacancy rate of 7% .

Rental revenue from Corporation-owned dwellings was \$8.4 million or an average annual rental of \$691 against \$662 in 1962—the increase reflecting higher taxes. At the end of the year rental arrears were \$53,039 or 0.6% of annual rent receivable, compared to \$55,638 or 0.7% in 1962. Of the accounts in arrears, 81% was of not more than 30-days duration.

Total property expense for 1963, excluding administration costs, was \$10.5 million, made up of \$3.8 million for operating and maintenance expenses, \$4.3 million for depreciation and interest on borrowings and \$2.4 million for payments in lieu of taxes.

At the year-end, the Corporation was administering for the Mortgage Insurance Fund 505 apartment units and 2,200 houses, with a total asset valuation of \$22 million. Of these, 268 apartment units and 1,009 houses are at Elliot Lake. During the year, 1,565 units were acquired and 591 were sold.

URBAN RENEWAL

Studies

To enable municipalities, with provincial approval, to carry out studies of the condition of housing and urban areas, the Corporation may make contributions under the National Housing Act of up to 75% of the cost entailed. During 1963, grants were approved to Edmonton, Joliette, Medicine Hat, Metropolitan Toronto, Moose Jaw, Trenton and Ville d'Anjou in an aggregate amount of \$151,950.

Reports of studies initiated earlier by the Cities of Quebec and Prince Rupert and the Province of Manitoba were completed and published in 1963. Since 1955, 49 studies have been undertaken throughout the country. (CHS—Table 71)

Redevelopment

NHA
Section 23

Under the National Housing Act, the Federal Government may contribute up to half the cost of acquiring and clearing a blighted or substandard area in a municipality.

During the year, an estimated net Federal contribution of \$3.2 million was approved to assist the cities of Halifax, Montreal and Ottawa to acquire and clear some 80.7 acres.

An Agreement to Lease was entered into by the Corporation and the City of Halifax for the development by private enterprise of some 14 acres of land acquired and cleared in the Halifax Jacob Street project. Total cost of the development, which is to be undertaken in four stages over a five-year period, is estimated at \$30 million.

Following the acquisition and clearance of the 8-acre site in Area 2 of the Windsor redevelopment project, the City invited proposals for development by private enterprise which will be received early in 1964.

In Saint John, New Brunswick, 1.70 acres in the Courtenay Place project, part of the 57-acre slum clearance project undertaken prior to 1962, may be leased to a limited-dividend company to construct a 77-unit apartment building under Section 16. Construction of a Federal-Provincial 94-unit housing project was also started in the clearance area. (*CHS—Table 70*)

At the year-end the Government was considering proposals submitted by several other municipalities.

FEDERAL-PROVINCIAL PROJECTS

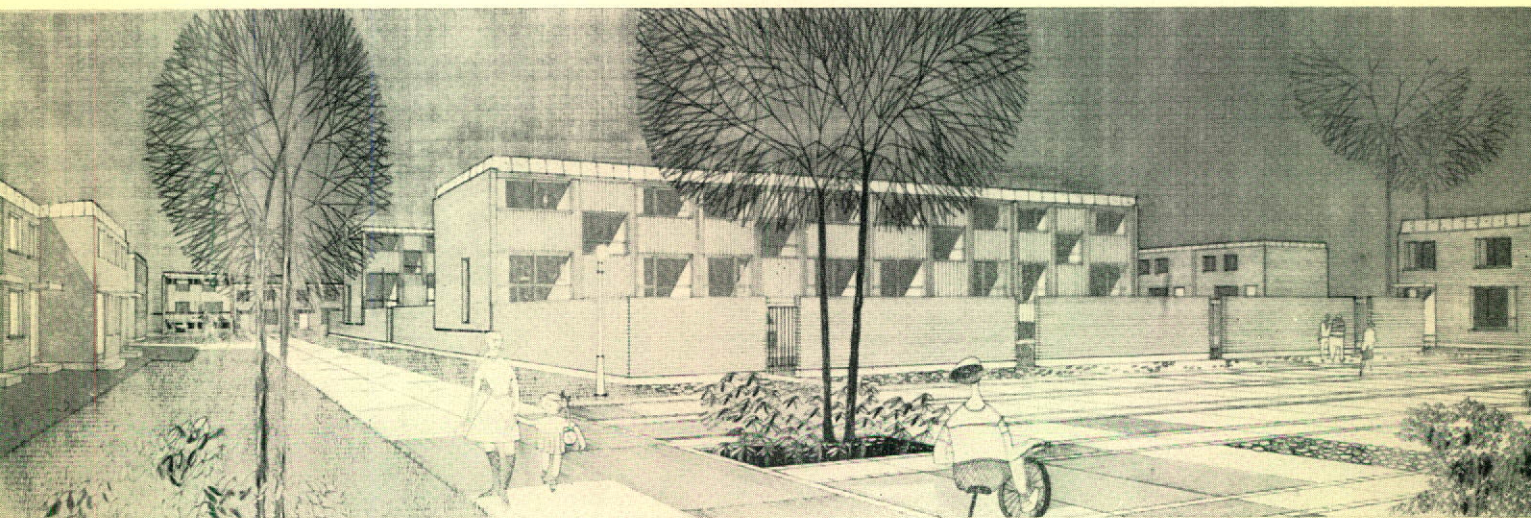
Rental Housing

Public housing for rent to families with incomes in the lower third of the local income range is built under Federal-Provincial partnerships at the request of the municipality. Capital costs are shared 75% by the Federal partner and 25% by the provincial partner. Operational deficits or surpluses are shared by the participating governments in a similar way. Some provinces require the municipality concerned to finance all or part of the provincial share. (*CHS—Table 67*)

NHA
Section 36

Approximately 3,000 of the 12,031 dwelling units approved to date are operated at rents related to dwelling size and at levels sufficient to recover capital costs and meet operating expenses. The other units are leased at rents related to the family income of the tenant. On these units an overall deficit is incurred, of which the Federal Government's share in 1962, paid in 1963, was \$1.2 million.

During 1963, approval under Federal-Provincial arrangements was given to projects in Chatham and Moncton, New Brunswick; Cochrane, Collingwood, Delhi, Fort Frances, Kapuskasing, Lindsay, Ottawa, Palmerston, Port Arthur, Timmins and Toronto, On-



Glen Allen Park, Regina

tario; and Estevan, North Battleford and Regina, Saskatchewan. These will provide 864 dwelling units.

Under agreements with the Provinces of Nova Scotia and Prince Edward Island and the provincial Housing Commissions, assistance may be given under the NHA to co-operative house-building. In 1963, projects were approved for 56 dwellings for sale in Nova Scotia and six in Prince Edward Island. Since the inception of this programme in 1953, 1,155 units in 133 projects have been approved in Nova Scotia and since 1960, 119 units in 13 projects in Prince Edward Island.

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, three land assembly projects were approved—24 lots in Carleton Place, 316 lots in Toronto and 257 lots in Trenton.

From the inception of the programme in 1949, a total of 18,085 lots have been authorized for development. There were 382 lots placed in a sales position in 1963 and 750 were sold, bringing to 10,253 the total number of lots sold. (*CHS—Table 68*)

DESIGN AND CONSTRUCTION

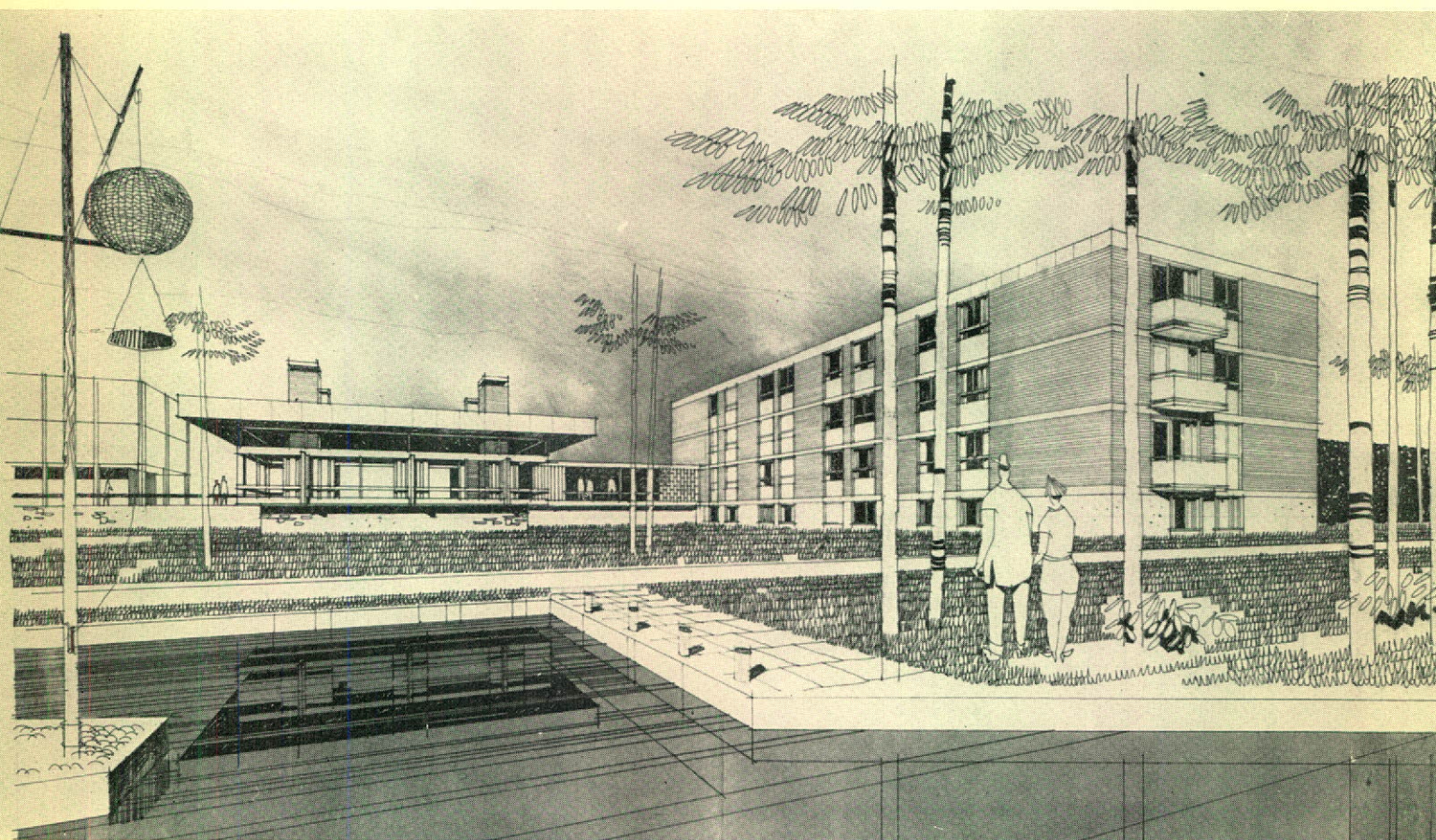
NHA
Section 37
CMHC Act
Section 29

Under the National Housing Act, the Corporation is empowered to undertake the construction of housing and related buildings and services on its own behalf or for other Government departments and agencies. It also acts as an architectural and planning consultant. In 1963, work was carried out with the Department of National Defence, Atomic Energy of Canada Limited, the Department of Labour and Federal-Provincial partnerships.

Urban Military Housing Projects comprising 1,032 units were under construction at four locations—Dartmouth, North Bay, Summerside and Uplands. Preliminary investigation and design were undertaken for several other projects, but all except 300 units at Camp Gagetown have been deferred by the Department of National Defence.

Development of the Townsite of Pinawa continued on behalf of Atomic Energy of Canada Limited. Responsibility for supervision of construction is gradually being assumed by AECL with the Corporation acting as the planning and design adviser. At the end of the year, 90 families were residing in the town and were already enjoying most of the usual municipal services and amenities. Under construction were a school, a hostel, family dwellings, shopping centre, hospital, service station and municipal administration building.

The Department of Northern Affairs and National Resources continued to utilize the services of the Corporation. A new townsite plan was prepared for the community of Hay River following the disastrous spring flooding. The Whitehorse Metropolitan Plan



Hostel, Pinawa Townsite, Manitoba

was completed, together with preliminary zoning by-laws, and submitted to the City council and Yukon Legislative Assembly. The Fort Smith town plan was reviewed and brought up to date.

To assist in improving the quality of planning and design, the Corporation continued its practice of reviewing housing layouts in developments intended for NHA financing, limited-dividend, insured rental projects and applications for university housing projects.

HOUSING RESEARCH AND COMMUNITY PLANNING

Under the National Housing Act, the Corporation maintains a constant programme to evaluate housing conditions and to make available research studies leading to the improvement of housing and the adoption of sound community plans. To accomplish the purpose, Corporation staff is utilized and arrangements are also made for projects to be undertaken by outside individuals and organizations. Under the National Housing Act, financial assistance amounted to more than \$1 million during the year to carry out these activities.

NHA
Sections 31, 35

Technical Investigations

Since 1957, grants have been made to the Ontario Research Foundation to study methods of household waste disposal. Field trials of both the recirculating and flow-through self-contained household purification units are taking place. In 1963, \$27,950 was allocated for this work.

The Corporation continued a technical research undertaking with the National House Builders Association for improved methods of housing construction. A grant was provided for the development and long-term testing of a new Research House. By using the experimental facilities of other Government departments and agencies, particularly the National Research Council, further investigations were carried out on the performance of new materials, methods and equipment to determine their suitability for houses financed under the National Housing Act.

Housing Design and Investigation

During the year, a National Housing Act grant of \$85,000 was authorized to provide operational funds for the Canadian Council on Urban and Regional Research; the Council has also obtained private funds to be used in co-ordinating urban and regional research in Canada.

The Corporation continued to support the work of the Community Planning Association of Canada with a grant of \$72,000 to sustain public interest and participation in orderly community and regional planning.

The Canadian Housing Design Council received a grant of \$25,000 to continue the work of encouraging the improved design of housing in Canada.

Educational Grants

The Corporation awarded during the year; five travelling scholarships to students in Schools of Architecture to assist in financing an examination of residential design 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 aid university students in graduate courses in the fields of housing, urban redevelopment and estate management.

ORGANIZATION AND STAFF

The Head Office of the Corporation is in Ottawa and 53 field offices carry out its operations throughout Canada.

The continued growth of the mortgage portfolio and the volume of lending activity led to organizational changes during 1963. The Corporation staff numbered 2,037 compared with 2,017 at the end of 1962.

The President and members of the Board of Directors are grateful for the loyalty and co-operation of all employees and for the competent manner in which they perform their many and varied duties.

The Board wishes particularly to record its appreciation of the long and distinguished

service to the Corporation by Mr. P. S. Secord, O.B.E., who retired as Vice-President. Mr. Secord had been a senior member of the staff since 1946 and Vice-President since 1950. He made many important contributions to the field of Canadian housing and played a major part in bringing the Corporation to a high level of efficiency as an instrument of national development.

Mr. H. W. Hignett, M.B.E., a former Executive Director, was appointed Vice-President to succeed Mr. Secord.

Mr. I. R. MacLennan, D.F.M., who was the Corporation's Chief Architect and Planner was appointed an Executive Director (Urban Development) to succeed Mr. Hignett. His responsibilities include the Corporation's operations in Urban Renewal and Public Housing, Architecture and Planning and Engineering and Construction activities.

Arising out of the Corporation's increasing responsibilities, two new Executive Directors were also appointed. Mr. Hector Saint-Pierre, O.B.E., Q.C., is Executive Director (Mortgages and Property) with responsibility for the administration of mortgages and the Corporation's property management functions. He was previously Director of the Quebec Region.

Mr. Jean Lupien, Executive Director (Loan Insurance and Lending) is responsible for loan insurance and Corporation lending programmes. He was formerly Manager of the Montreal Office.

Mr. H. C. Linkletter, O.B.E., continues in the capacity of Executive Director, Organization and Administration.

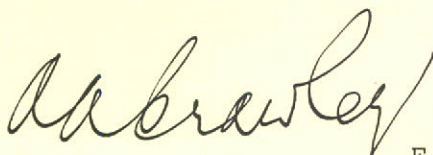
Auditors' Report

TO THE MINISTER RESPONSIBLE FOR
THE OPERATIONS OF THE CORPORATION:

We have examined the attached financial statements of Central Mortgage and Housing Corporation for the year ended December 31, 1963 (presented with comparative figures for 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.

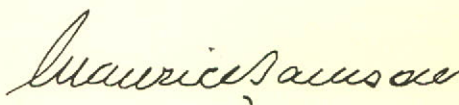
In our opinion, proper books of account have been kept and the transactions of the Corporation that have come under our notice have been within the powers of the Corporation.

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 fair view of the state of the affairs of the Corporation as at December 31, 1963 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.



F.C.A.

of the firm
Arthur A. Crawley & Co.



C.A.

of the firm
Samson, Bélair, Côté,
Lacroix et Associés

Ottawa, February 20, 1964


CENTRAL MORTGAGE AND
BALANCE SHEET

ASSETS

	<i>December 31, 1963</i>	<i>December 31, 1962</i>
CASH	\$ 6,951,353	\$ 12,618,695
GOVERNMENT OF CANADA SHORT TERM SECURITIES, at cost, including accrued interest	6,487,886	7,987,963
ACCOUNTS RECEIVABLE:		
Due from the Minister	2,569,077	2,119,059
Other	872,812	387,001
OTHER ASSETS	2,111,361	2,006,180
LOANS UNDER THE HOUSING ACTS—Statement IV	1,652,881,762	1,589,945,586
LOANS AND INVESTMENTS UNDER FEDERAL- PROVINCIAL AGREEMENTS—Statement VI	108,461,319	101,723,832
REAL ESTATE—Statement V	67,478,510	70,866,796
AGREEMENTS FOR SALE AND MORTGAGES arising from sales of real estate, including accrued interest	96,963,766	100,019,197
BUSINESS PREMISES, OFFICE FURNITURE AND EQUIPMENT, at cost, less accumulated depreciation	2,662,958	2,796,028
	<u>1,947,440,804</u>	<u>1,890,470,337</u>
ASSETS OF THE INSURANCE AND GUARANTEE FUNDS—Statement VIII	122,440,058	108,430,216
	<u>\$ 2,069,880,862</u>	<u>\$ 1,998,900,553</u>

LIABILITIES

	December 31, 1963	December 31, 1962
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:		
Due to the Receiver General:		
Income Tax less instalments paid	\$ 2,451,981	\$ 3,741,590
Excess in Reserve Fund	10,115,466	10,451,673
Other	4,438,957	2,949,224
DEPOSITS, CONTRACTORS' HOLDBACKS AND DEFERRED INCOME . .	7,254,176	7,381,698
BORROWINGS FROM THE GOVERNMENT		
OF CANADA—Statement VII	1,850,947,593	1,789,933,687
UNREALIZED PROFITS on sales of Real Estate	42,232,631	46,012,465
RESERVE FUND—Statement III	5,000,000	5,000,000
CAPITAL—Authorized and fully paid by the		
Government of Canada	25,000,000	25,000,000
	1,947,440,804	1,890,470,337
RESERVES OF THE INSURANCE AND		
GUARANTEE FUNDS—Statement VIII	122,440,058	108,430,216
	\$2,069,880,862	\$ 1,998,900,553



President



Chief Accountant

LOANS UNDER THE HOUSING ACTS:

Interest earned from borrowers
 Interest charged by the Government of Canada

FEDERAL-PROVINCIAL AGREEMENTS:

Interest earned from Housing Authorities and Municipalities
 Interest charged by the Government of Canada

AGREEMENTS FOR SALE AND MORTGAGES:

Interest earned from purchasers
 Interest charged by the Government of Canada

REAL ESTATE—CORPORATION OWNED:

Rental revenue from tenants
 Maintenance and other property expense, including \$2,199,770 interest
 charged by the Government of Canada

APPLICATION FEES EARNED ON INSURED MORTGAGE LOANS

INTEREST EARNED—GOVERNMENT OF CANADA SHORT TERM SECURITIES

MISCELLANEOUS INCOME

LESS: ADMINISTRATIVE SALARIES AND EXPENSES

NET INCOME PRIOR TO INCOME TAX

INCOME TAX

NET INCOME, transferred to Reserve Fund

RESERVE

Balance, January 1

Net income for the year

Profits realized on sales of properties acquired without cost
 from the Government of Canada

Excess over statutory limitation, transferred to the credit of the Receiver General

Balance, December 31

NOTES TO FINANCIAL STATEMENTS

Depreciation:

Real Estate
 Office Buildings held for Corporation use
 Office Furniture and Equipment

Administrative Salaries and Expenses include:

Directors' Fees and Expenses
 Executive Salaries
 Legal Fees and Expenses

NET INCOME

Statement II

For The Year Ended

December 31, 1963

December 31, 1962

\$ 90,106,692		\$ 85,451,847	
<u>71,945,750</u>	\$ 18,160,942	<u>66,523,865</u>	\$ 18,927,982
4,245,734		4,001,273	
<u>4,039,840</u>	205,894	<u>3,726,830</u>	274,443
5,267,462		5,413,383	
<u>1,094,206</u>	4,173,256	<u>1,084,236</u>	4,329,147
8,534,023		8,094,778	
<u>10,725,771</u>	(2,191,748)	<u>9,549,141</u>	(1,454,363)
	1,818,571		1,928,657
	832,844		168,936
	<u>855,931</u>		<u>457,783</u>
	23,855,690		24,632,585
	<u>13,391,698</u>		<u>13,429,227</u>
	10,463,992		11,203,358
	<u>5,236,000</u>		<u>5,615,000</u>
	<u>\$ 5,227,992</u>		<u>\$ 5,588,358</u>

FUND

Statement III

	1963		1962
\$ 5,000,000		\$ 5,000,000	
<u>5,227,992</u>		<u>5,588,358</u>	
4,887,474		4,863,315	
<u>15,115,466</u>		<u>15,451,673</u>	
10,115,466		10,451,673	
<u>\$ 5,000,000</u>		<u>\$ 5,000,000</u>	

	1963	Accumulated December 31, 1963		1962	Accumulated December 31, 1962
\$ 2,089,792		\$ 20,185,981	\$ 2,130,001		\$ 19,399,403
\$ 113,077		\$ 1,232,886	\$ 119,272		\$ 1,119,808
\$ 101,236		\$ 1,603,287	\$ 106,615		\$ 1,503,186
6,092			7,484		
45,000			42,500		
9,348			19,746		

LOANS UNDER THE HOUSING ACTS

	December 31, 1963		December 31, 1962	
	Number of loans	Value	Number of loans	Value
Uninsured Loans:				
Made jointly with Lending Institutions				
(NHA 1944)—Corporation's share	94,008	\$ 116,302,978	101,603	\$ 135,271,245
Homeowners (NHA 1944)	4,722	24,288,914	5,024	26,747,952
Limited-Dividend Housing Companies	363	178,339,511	339	171,194,854
Rental Guarantee Contracts	559	63,197,963	562	65,905,644
Primary Industry Housing	12	3,469,092	12	3,799,257
University Housing	49	33,279,560	25	15,445,005
Municipal Sewage Treatment Projects	356	52,574,515	161	24,815,378
Insured Loans:				
Made directly by the Corporation	90,890	954,794,386	86,580	912,325,334
Made by agents of the Corporation	19,286	217,669,576	19,508	226,313,679
Accrued interest		8,965,267		8,127,238
	<u>210,245</u>	<u>\$1,652,881,762</u>	<u>213,814</u>	<u>\$1,589,945,586</u>

REAL ESTATE

	December 31, 1963			December 31, 1962	
	Dwelling units	Original book value	Accumulated depreciation	Net book value	Net book value
Constructed by the Corporation, at cost, or acquired from the Government of Canada:					
Single houses	6,185	\$42,029,097	\$12,027,390	\$30,001,707	\$34,147,234
Multiple dwellings	623	4,400,857	2,045,489	2,355,368	2,493,847
Reposessed property, at acquisition cost:					
Single houses	682	5,813,648	995,130	4,818,518	4,059,275
Multiple dwellings	4,453	34,968,861	5,078,448	29,890,413	29,685,581
Other, at cost		452,028	39,524	412,504	480,859
	<u>11,943</u>	<u>\$87,664,491</u>	<u>\$20,185,981</u>	<u>\$67,478,510</u>	<u>\$70,866,796</u>

LOANS AND INVESTMENTS UNDER FEDERAL-PROVINCIAL AGREEMENTS

	December 31, 1963	December 31, 1962
Rental Housing Projects	\$ 88,228,000	\$ 81,114,436
Land Assembly Projects	9,983,725	11,399,371
Advances to Municipalities repayable by instalments	5,528,388	5,093,379
Recoverable from Provincial Governments	2,042,332	1,749,585
Advances and current accounts with Municipalities and Housing Authorities	2,576,426	2,253,216
Accrued interest	102,448	113,845
	<u>\$108,461,319</u>	<u>\$101,723,832</u>

BORROWINGS FROM THE GOVERNMENT OF CANADA

	December 31, 1962	Borrowed 1963	Repaid 1963	December 31, 1963
For Loans under the Housing Acts	\$1,590,386,279	\$131,500,000	\$73,745,728	\$1,648,140,551
For Loans and Investments under Federal-Provincial Agreements	101,571,857	8,000,000	2,179,740	107,392,117
For acquisition and construction of Real Estate	84,463,014		2,477,085	81,985,929
	<u>1,776,421,150</u>	<u>\$139,500,000</u>	<u>\$78,402,553</u>	<u>1,837,518,597</u>
Accrued interest	13,512,537			13,428,996
	<u>\$1,789,933,687</u>			<u>\$1,850,947,593</u>

INSURANCE AND GUARANTEE FUNDS

Statement VIII

ASSETS

MORTGAGE INSURANCE FUND

RESERVES

	December 31, 1963	December 31, 1962		1963	1962
Cash	\$ (71,024)	\$ 561,595	Balance, January 1	\$ 102,032,320	\$ 86,768,574
Securities issued or guaranteed by the Government of Canada, at amortized cost, including accrued interest	83,238,626	81,890,363	Add:		
Mortgages arising from sales of repossessed property, including accrued interest	11,056,455	4,963,060	Fees and premiums received	9,868,797	11,576,518
Real estate, at cost less recoveries, for properties at Elliot Lake	9,049,397	6,769,080	Net income from securities and other assets	4,451,829	3,904,324
Other real estate, at lower of cost or estimated realizable value	12,593,391	7,848,222	Real estate acquired on claims	13,943,882	8,578,613
				<u>130,296,828</u>	<u>110,828,029</u>
			Deduct:		
			Claims paid and legal expenses	13,943,882	8,578,613
			Net loss on sales of securities and real estate	197,833	39,696
			Allowance for revaluation of real estate	288,268	177,400
				<u>14,429,983</u>	<u>8,795,709</u>
	<u>\$ 115,866,845</u>	<u>\$ 102,032,320</u>	Balance, December 31	<u>\$ 115,866,845</u>	<u>\$ 102,032,320</u>
			Insurance in force December 31, 1963	\$ 4,499,000,000	
			Claims in process for payment December 31, 1963	\$ 1,718,360	

HOME IMPROVEMENT LOAN INSURANCE FUND

	December 31, 1963	December 31, 1962		1963	1962
Cash	\$ (1,244)	\$ (2,457)	Balance, January 1	\$ 2,481,364	\$ 2,193,232
Securities issued or guaranteed by the Government of Canada, at amortized cost, including accrued interest	2,630,154	2,472,279	Add:		
Mortgages arising from sales of repossessed property, including accrued interest	10,850	8,767	Fees and premiums received	369,239	382,443
Real estate repossessed, at cost		2,775	Net income from securities and other assets	118,408	106,516
			Recoveries on claims paid	37,049	37,969
				<u>3,006,060</u>	<u>2,720,160</u>
			Deduct:		
			Claims paid and legal expenses	366,299	235,549
			Net loss on sales of real estate	1	3,247
				<u>366,300</u>	<u>238,796</u>
	<u>\$ 2,639,760</u>	<u>\$ 2,481,364</u>	Balance, December 31	<u>\$ 2,639,760</u>	<u>\$ 2,481,364</u>
			Insurance in force December 31, 1963	\$ 14,490,893	
			Claims in process for payment December 31, 1963	\$ 29,761	

RENTAL GUARANTEE FUND

	December 31, 1963	December 31, 1962		1963	1962
Cash	\$ (96,911)	\$ 22,464	Balance, January 1	\$ 3,916,532	\$ 3,726,563
Securities issued or guaranteed by the Government of Canada, at amortized cost, including accrued interest	4,030,364	3,894,068	Add:		
			Fees and premiums received	361,817	358,649
			Net income from securities	179,681	173,079
			Other income	20,426	39,301
				<u>4,478,456</u>	<u>4,297,592</u>
			Deduct:		
			Claims paid and legal expenses	545,003	381,060
	<u>\$ 3,933,453</u>	<u>\$ 3,916,532</u>	Balance, December 31	<u>\$ 3,933,453</u>	<u>\$ 3,916,532</u>
			Current rentals covered by guarantee December 31, 1963	\$ 14,786,770	
			Claims in process for payment December 31, 1963	\$ 8,800	
TOTAL ASSETS	<u>\$ 122,440,058</u>	<u>\$ 108,430,216</u>	TOTAL RESERVES	<u>\$ 122,440,058</u>	<u>\$ 108,430,216</u>

IV LEGISLATION AND POLICY

LEGISLATION

Orders-in-Council affecting interest rates were passed as follows:

The interest rate on mortgage loans made under Part I, Sections 15 and 40 was reduced to $6\frac{1}{4}\%$ from $6\frac{1}{2}\%$. The reduction applied also to sales of Mortgage Insurance Fund properties; sales of Corporation-owned real estate; and sales of Federal-Provincial Land Assembly lots sold on deferred payment basis. (*Order-in-Council P.C. 1963-914, June 13, 1963*)

The interest rate on loans made under Section 16, Part VIA and Part VIB was increased to $5\frac{1}{4}\%$ from $5\frac{1}{8}\%$. (*Order-in-Council P.C. 1963-1590, October 31, 1963*).

Provision was made in Appropriation Act Number 3, 1963, authorizing NHA loans to home owners and to builders for sale to home-purchasers at 95% of the first \$13,000 of lending value, 70% of the remainder of the lending value, and the amount of the insurance fee.

REGULATIONS

On June 27, 1963, the National Housing Loan Regulations were amended to increase the maximum loan amounts for owner-occupied and rental-housing dwellings. The maximum loan for a house or multiple-family dwelling was increased to \$15,600 from \$14,900 for each unit having four or more bedrooms and to \$14,900 for each unit containing less than four bedrooms, an increase from \$14,200. In addition, under the new terms, the maximum loan for apartment dwellings was increased from \$8,750 to \$12,000 for each unit.

PRINCIPAL POLICY CHANGES

On September 23, the Government authorized the Corporation to make direct loans to builders without a pre-sale requirement. The purpose of the change in policy was to support the Government's winter-building incentive programme by ensuring an adequate supply of mortgage funds. The policy was terminated on November 15 when the success of the programme was assured.

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

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President and Chairman of the Board

*H. W. HIGNETT, M.B.E.,
Vice-President

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Ottawa

R. G. ROBERTSON,
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, Montréal, Québec, 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, Grande Prairie, Lethbridge, Red
Deer, Regina, Saskatoon, Winnipeg.

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

Ottawa, CANADA