10. Because of the low return on the FHA loan, only institutions paying a comparably low rate of return on public money can engage in FHA activity to any appreciable degree. By the same token, institutions which, because of reasons of policy, will not make loans on a high ratio of appraisal basis, are having difficulty in competing.

11. There is little likelihood of a decrease occurring in the proportion of FHA loans to total loans because of the tremendous popularity of the FHA loan with the public, and the support being given to the FHA program by all local publicity mediums and building organizations. Also the institutions making this type of loan have ample funds available to care for the present demand.

12. Because of the decline in the demand for refinancing loans and because of inability to compete with FHA loans, it is believed that a greater portion of total lending activity will be concentrated in a small group of lending institutions unless the great numbers of institutions not doing this type of business can locate sources of cheaper money and engage in FHA business themselves. Or if cheaper money is available - as is already the case for insurance companies - to change their lending policies to meet the terms offered by FHA loans.

V. Summary of Factors Favorably or Adversely Affecting Economic, Real Estate, or Mortgage Financing Conditions in Metropolitan Los Angeles

On page 31 of the foregoing report, the present economic conditions in Los Angeles were analysed and the factors affecting the economic future of the community were set forth. On page 63, the present conditions and probable future trends in the real estate market were outlined in detail. In the paragraphs immediately preceding, a similar treatment was given to the present home-mortgage lending situation. Since conditions in each of these classifications of economic activity is so closely inter-related, it will serve to focus attention on the general and over-all conditions in Metropolitan Los Angeles, if all these various factors affecting economic, real estate, and mortgage conditions are here combined into two groups - those factors favorable to the welfare of the community and those affecting the community adversely.

A. Favorable Factors

1. Continuing influx of new industry induced by the compact market, excellent transportation facilities, cheap fuel and power, and freedom from labor difficulties.

2. Annual influx of large numbers of tourists.

3. Stability and diversity of Los Angeles industry.

4. Continuing flow, although in decreasing numbers, of retired and semi-retired persons into the community.

5. Constant increase in new population and families although at a declining rate.

6. Increased home ownership.

7. Exceptionally light overhang of institutionally owned residential real estate and a low rate of property acquisition.

8. High rate of new residential construction activity with a notable improvement in quality and appearance of structures.

9. Low and declining construction costs.

10. Strong position of Los Angeles financial institutions and pronounced return of public confidence in these institutions.

11. Market improvement in home-lending terms, practices, and policies in the community.

12. Ample mortgage funds available.