II. THE REAL ESTATE SITUATION

CHARACTERISTICS OF THE REAL ESTATE MARKET

In order to grasp fully the significance of present real estate conditions in Metropolitan Los Angeles, it is necessary to have a picture of certain local characteristics which have been so instrumental in determining the trends of neighborhood desirability, property values, and rentals, and directional trends of new residential development. These characteristics may be classified loosely into two groups - physical and political. The physical factors are as follows: terrain, flood and fire hazards, water supplies available, local transportation, and climate. The political factors are the lack of adequate city or community planning, which has led to an ill-conceived and not too well enforced zoning plan, and secondly, the lack of effective control over subdivision activity.

The physical factors - particularly terrain - have had a pronounced influence in determining the growth trends of the city, and the areas of greatest residential desirability. The best residential areas uniformly follow the pattern of hillside, "view sections" in the community. Both the factors of flood and fire hazard, and inadequacy of water supplies have been, or will shortly be, mitigated through the joint efforts of local state and federal government - the former through flood control and fire prevention measures, the latter by the impending opening of the Boulder Dam aqueduct. Local transportation remains a strong factor in the determination of rental and sales prices in the community. The inadequate and haphazard public transportation systems as well as a shortage of high-speed, arterial streets necessary to convey the thousands of workers to and from their places of daily employment, has made premium neighborhoods of areas favored by excellent transportation. This factor has also been of prime importance in bringing about the pronounced decentralization of population and business enterprise which has characterized Los Angeles during recent years. Climate constitutes a factor of nearly equal importance to terrain in its influence on growth trends, those persons favoring a warmer climate tending to settle in Pasadena and San Fernando or San Gabriel valleys, while cooler climatic conditions draw persons to west and southwest Los Angeles, the shore belt or in and adjacent to Long Beach.

The political factors, while less obvious in their implications, have been equally important in their effects on the real estate market, particularly with respect to rentals and sales prices, and in determining areas of new residential construction. This is especially true of the present ill-planned zoning restrictions, and the continuance of uneconomic subdivision activity. It has been authoritatively estimated that the street frontage in the city of Los Angeles zoned exclusively for business would require a population of 175 million persons for its adequate support, while the approximately 2,020 miles of multi-family frontage, if developed in height-limit apartments would accommodate about 8,675,000 families or nearly 22 million persons. The absurdity of this situation is manifest. In so far as the excessive subdivision activity is concerned, the vast amount of vacant, subdivided land scattered throughout the community is apparent even to a casual observer. According to a survey made in 1934, 44% of the subdivided lots in the county were vacant at that time, and while accretions to the total of subdivided lots since that time have been overshadowed by lot utilization for new construction (see Chart 3, page 14), there still remains an estimated lot vacancy of about 40%, equivalent to an area of nearly 175 square miles. The carrying costs to both the owners of this vacant land and to the community are staggering.

In so far as the general characteristics of the real estate market are concerned, they may be summed up briefly as follows: Los Angeles is predominantly a community of single-family dwellings, over 80% of its families in 1930 residing in structures of this type; home ownership is low (42% of the total families in 1930 owned their own homes as against 45% in the state as a whole and 47% for the United States). Los Angeles is a low-rent community - the median rental paid by tenant families in 1930 was $35.94, while 37% of tenant families paid less than $30 per month and 81% less than $50 per month. Neighborhood development, save in the better areas, is extremely heterogeneous, while maintenance and construction in most sections is just fair. Generally speaking, the areas of intensive new construction in the community show great improvement both as to type and quality of construction - particularly in the 5-6 room, single-family dwelling class - over anything heretofore undertaken. The trend of community growth currently is toward west and southwest Los Angeles, the lower reaches of the San Fernando Valley (Burbank, North Hollywood and Glendale), the San Marino-San Gabriel sections east and south from Pasadena extending to the Rancho Santa Anita developments in Arcadia, and in portions of the Long Beach area. In general, the trend is away from the downtown and closely built up portions of the larger cities in the Los Angeles area out to suburban sections.