"Many well-informed real estate firms and mortgage institutions have but little conception of the scope of the real estate activities of the Veterans' Welfare Board. In this district, which is composed of the Counties of Alameda, Contra Costa, Mendocino, Monterey, Napa, San Benito, Santa Clara, Santa Cruz, Solano, and Sonoma, we have, since the Board was created by law in 1921, purchased and sold to California veterans on contract 3,916 residential properties, for which an aggregate purchase price of $15,888,000 was paid. The amount of purchases and sales for the whole state as of June 1, 1937 was $77,775,000.

The original act provided for an issue of $10,000,000 in bonds to be secured by the veterans' purchase contracts and guaranteed by the state, and subsequent bond issues have totaled $50,000,000.

A rising real estate market existed with little interruption until the end of 1929 when the market began to decline. The Board continued to acquire property at apparent bargain prices until 1932. Values were most uncertain at that time, and there was no barometer by which the depth of the falling market could be predicted. The results of acquiring properties in a declining market contributed to the Board's experience and furnished valuable lessons by which future activities could be governed. Time has proven that comparatively small losses have resulted from the Board's operation.

When the Legislature authorized, subject to the ratification of the electorate of the state, a $30,000,000 bond issue in 1933, it was considered improbable that the voters would ratify the investment of this amount of money in farms and homes for veterans. At that time the future was doubtful, and there was little evidence that real estate values and general business conditions had reached the bottom of the depression or that there was any immediate possibility of recovery. When this issue of bonds was approved by the people in November, 1934, the Board was confronted with a serious problem in view of the continued depression and consequent instability of real estate values. There was no doubt but that the availability of $30,000,000 for the acquisition of residential properties was a dominant factor in the stabilization and recovery of residential property in California."