



CONTACT

C.A.R.: Lotus Lou, lotusl@car.org
(213) 739-8304

Kent Barrett, kbarrett@hoytorg.com
Katherine Lambert, klambert@hoytorg.com
The Hoyt Organization
(310) 373-0103

For release:
November 24, 2014

HUD Secretary Julián Castro stresses need for expanding credit and reforming housing finance system at C.A.R.'s inaugural Real Estate Summit

LOS ANGELES (Nov. 24) – An audience of nearly 300 real estate executives and practitioners, industry stakeholders, economists, and policymakers gathered this month in Los Angeles for the inaugural Real Estate Summit: Partnering for Change in California, which featured a keynote speech from U.S. Secretary of Housing and Urban Development Julián Castro. Convened by the [CALIFORNIA ASSOCIATION OF REALTORS](http://www.californiaassociationofrealtors.com)[®] (C.A.R.), Secretary Castro, along with other industry thought leaders, exchanged ideas and solutions about housing affordability, California's infrastructure, consumer trends, and foreign investment challenges.

Notably, Secretary Castro's speech signaled a shift in tone at HUD about opening the doors of homeownership to every American who's responsible and ready to buy following a period of constrained access in response to the financial crisis. Castro and other speakers at the invitation-only event directly addressed a variety of pressing issues related to real estate, homeownership, and the state's economy.

"While we are considered the 'golden state,' our state of affairs is facing many challenges," expressed C.A.R. President Chris Kutzkey. "Having Secretary Castro shed light on the U.S. housing situation created a forum that allowed the top economists in our state, along with policy makers and CEOs to share ideas, exchange viewpoints, and challenge possible solutions with the goal of moving the needle to solving some of these issues."

Castro's remarks were the centerpiece of a variety of viewpoints offered by dozens of influential policymakers, business leaders, and top real estate economists from partner institutions, including the UC Berkeley Fisher Center for Real Estate and Urban Economics, UC Irvine Center for Real Estate, UCLA Anderson Forecast, UCLA Ziman Center for Real Estate, USC Lusk Center for Real Estate, and Stanford Professionals in Real Estate.

Castro addressed the need for housing finance reform and expanding access to credit, particularly for communities of color because lending to minorities is at a 14-year low after they were the hardest hit by the economic crisis. He added that it's time to remove the stigma from promoting homeownership and wants to make helping responsible people buy their first home

one of his top priorities. “The pendulum has swung too far in the other direction, and now we’ve got to move the market back to a point that balances opportunity with responsibility,” Castro said.

“When I talk about helping more responsible borrowers access credit, it doesn’t mean returning to the lending abuses of the past. We are talking about helping families who are recovering from the great recession—and doing everything right—rebuild the American dream.”

“One of the factors holding back the market is that many folks are feeling unsure about their financial security,” said Castro. “Young people today are using their money to pay off loans rather than save for a down payment. If we help them prosper, our housing market will prosper.”

Castro continued to emphasize the challenges and possible solutions in lending practices toward minorities, President Obama’s housing agenda, the Federal Housing Administration, and housing finance reform.

C.A.R. Chief Executive Officer Joel Singer set the stage for the day with a brief discussion about the state of California’s housing market, saying that in 1976, California was more affordable than the nation as a whole, but in the past 20 years, affordability has dropped more steeply than the nation. “The housing market has slowed down in areas where we saw a strong recovery, and even with interest rates around 4 percent, the demand for housing is less than we anticipated due to diminished housing affordability,” said Singer.

In four separate panel discussions, top real estate leaders and economists also addressed four key subjects, including housing financing and homeownership; the impact of foreign investment on the state’s economy; changing demographics; and the state’s aging infrastructure.

Key to the homeownership discussion was the impact of the younger millennial generation – members of which are delaying marriage, preferring the flexibility of renting and who no longer see homeownership as a primary aspiration. “We have to offer a cautionary note about homeownership,” Stuart Gabriel, director of UCLA’s Ziman Center for Real Estate said. “We have a lot of recent evidence that low down payment mortgages won’t work well. We want mortgages and a housing finance system that performs.”

Foreign investment panel discussants agreed that the influx of foreign capital is one the strongest drivers of real estate. “While many of us here see our market as soft, from an international perspective, we have a very strong marketplace. As a result, international investors – such as those from Canada a year ago and more recently Chinese investors, who in the past year have invested \$22 billion into our housing market – see the U.S. as a strong, stable, and in fact, undervalued market,” said Richard Green, director of USC’s Lusk Center for Real Estate. “As a result, they see it as a safe place to invest their money.”

To view video of Castro’s full remarks as well as each of the day’s four panels, visit the [Real Estate Summit website](#).

Leading the way® in California real estate for more than 100 years, the CALIFORNIA ASSOCIATION OF REALTORS® (www.car.org) is one of the largest state trade organizations in the United States with nearly 165,000 members dedicated to the advancement of professionalism in real estate. C.A.R. is headquartered in Los Angeles.

###