

NATIONAL PRESS CLUB LUNCHEON WITH JULIAN CASTRO

SUBJECT: THE STATE OF HOUSING IN THE U.S. AND HUD 2015

MODERATOR: MYRON BELKIND, PRESIDENT OF THE NATIONAL PRESS CLUB

LOCATION: THE FIRST AMENDMENT LOUNGE, WASHINGTON, D.C.

TIME: 12:00 P.M. EDT

DATE: TUESDAY, JANUARY 13, 2015

(C) COPYRIGHT 2008, NATIONAL PRESS CLUB, 529 14TH STREET, WASHINGTON, DC - 20045, USA. ALL RIGHTS RESERVED. ANY REPRODUCTION, REDISTRIBUTION OR RETRANSMISSION IS EXPRESSLY PROHIBITED.

UNAUTHORIZED REPRODUCTION, REDISTRIBUTION OR RETRANSMISSION CONSTITUTES A MISAPPROPRIATION UNDER APPLICABLE UNFAIR COMPETITION LAW, AND THE NATIONAL PRESS CLUB RESERVES THE RIGHT TO PURSUE ALL REMEDIES AVAILABLE TO IT IN RESPECT TO SUCH MISAPPROPRIATION.

FOR INFORMATION ON BECOMING A MEMBER OF THE NATIONAL PRESS CLUB, PLEASE CALL 202-662-7505.

MYRON BELKIND: (Sounds gavel.) Good afternoon. Before we begin our formal program, I would like to ask all of you to stand and observe a minute's silence in memory of the terrorist attack on *Charlie Hebdo*, the French satirical publication whose editor and four leading cartoonists were among the 12 killed at the newspaper last Wednesday. We honor their memories and their contributions to our profession and to freedom of the press. As a mark of special respect to those who died, we at the National Press Club will observe a minute's silence in their memory at the start of every event at the club this week, including with our annual general membership meeting this Friday, January 16th.

[moment of silence]

Thank you, please be seated.

Good afternoon, and welcome. My name is Myron Belkind. I'm an adjunct professor at the George Washington University School of Media and Public Affairs, a former international bureau chief with the Associated Press, and the 107th President of the National Press Club. The National Press Club is the world's leading professional organization for journalists committed to our profession's future through our programming with events such as this while fostering a free press worldwide. For more information about the National Press Club, please visit our website at press.org.

On behalf of our members worldwide, I'd like to welcome our speaker and those of you attending today's event. I'd also like to welcome our C-SPAN and public radio

audiences. You can follow the action on Twitter using the hashtag NPCLunch. After our guest's speech concludes, we'll have a question and answer period and we'll ask as many as time permits.

Now it's time to introduce our head table. I'd like each of you to stand briefly as your name is announced. From our audience's right, Nealin Parker, chief of staff at the U.S. Department of Housing and Urban Development; Ed Golding, senior advisor to the Secretary at the U.S. Department of Housing and Urban Development; Jerry Zremski, the Washington bureau chief for *Buffalo News*, a past NPC president, and the chair of the Speakers Committee. Skipping over our speaker for a moment, Bob Cardin of Cardin Communications and the Speakers Committee member who organized today's event. Thank you very much, Bob.

A former three-term mayor of San Antonio, Julian Castro stepped into a national spotlight when he delivered a keynote address at the 2012 Democratic National Convention. He was the first Hispanic to deliver a keynote address at a national political convention. After that speech pundits, being pundits, speculated that then-Mayor Castro would make an attractive Vice Presidential candidate. That didn't happen, but President Obama chose Castro to be Secretary of the Department of Housing and Urban Affairs, a post he assumed six months ago.

Castro was born into politics. Both his parents were political activists. His mother helped found the Chicano Political Party, La Raza Unida. His twin brother, Joaquin, was elected in 2012 to represent the San Antonio region in the U.S. House of Representatives. As mayor, Castro pushed initiatives such as expanding preschool education and establishing a city-wide college guidance effort. He also launched a decade of downtown programs meant to attract investment and spark a revival of San Antonio's city center. That effort has attracted more than \$300 million in private sector investment.

At HUD, he oversees 8,000 employees and a budget of \$46 billion. Castro has a B.A. from Stanford University and a J. D. from Harvard Law School. He and his wife, Erica, have two young children. Please give a warm National Press Club welcome to HUD Secretary Julian Castro. (Applause)

SECRETARY CASTRO: Thank you very much, Myron, for your kind introduction; and more importantly, thank you for the service that you do as president of the National Press Club. I understand that this is your last event at the helm and I know I speak for everyone in this room in expressing my gratitude for your leadership. I'd also like to recognize your incoming president, John Hughes. I know from a personal experience how effective he's been as an editor of the Bloomberg News, breaking news, desk. Last week, just a few hours before we were going to make an announcement, we learned that John and his colleagues already had the story. And while I hope that never happens again, I do wish him well and all the best for a very successful term as well.

Let me also thank the Press Club's officers and Board of Governors for their great contributions. And finally, I want to thank the entire National Press Club. This is the first

time that I've addressed this prestigious organization. It's an honor because one of my degrees in college was in communication. There was a time when I thought that I would go into journalism, and obviously I chose a different path. But I have a tremendous amount of respect for the work that you all do. In fact, the events of last week in France remind all of us in the United States and throughout the world, of the value of freedom of expression and the importance of journalism.

For more than a century, the members of this organization have shined a light on important issues and enhanced our democracy here at home and abroad. It's truly a pleasure to be with you this afternoon.

We gather today at the beginning of a new year, time to take stock of where we are as individuals, as communities, and as a nation. And in this moment, that reflection tells us one thing most clearly: America's got momentum. 2014 saw great progress for our economy, the strongest year for job growth since the tech boom of the 1990s. The unemployment rate has dropped below 6 percent, the fastest decline in the unemployment rate since 1984. Growth has been highest in sectors that pay good wages, such as technology and manufacturing. And most significantly for those of us at HUD, the housing market is coming back as an engine of economic prosperity. Today, more Americans are feeling confident because year over year home prices have risen for 32 straight months. More Americans are financially secure because homeowners' equity is up \$4 trillion since 2009. More construction workers are back on the job because housing starts have doubled in that time.

The phones and the inboxes of realtors are ringing and pinging with potential buyers. And families are looking to the future with renewed optimism. Simply put, we're seeing gains across the board and HUD stands ready to take this momentum and make 2015 a year of housing opportunity.

For as many things that have changed over the years, our nation's fundamental challenge remains the same: to be the strongest, smartest and safest nation in the world. The totality of that challenge is broader than the scope of our conversation today, but I'm convinced that the central principle in meeting it boils down to one word: opportunity. Opportunity is not an abstract concept, it's a path to a more prosperous life, and housing often serves as its foundation.

T. S. Eliot once said that home is where one starts from. We call HUD the Department of Opportunity because whether you're rich or poor, young or old, a Republican or a Democrat, black or white, housing shapes the quality of your life. Good housing and strong communities are a source of hope for individuals and for families. HUD was created to, in President Johnson's words, build a new America that's "better, more beautiful, more liberating of life and more inspiring of the spirit." The dedicated folks I serve with work from sunrise to sunset to fulfill this mission. They don't do it for the money. Trust me, I've seen their salaries. And I know they don't do it for the amenities. In fact, not too long ago, BuzzFeed ranked our HUD building as the second

ugliest in Washington, D. C. I'm not quite sure who was first, but I'm glad we're only second.

The HUD team does it because they care and because they're committed to tackling the great challenges of our day from poverty to homelessness, from climate change to discrimination in the housing market. In 2015, we're also paving a path to help folks get access to the affordable housing that they need. For many Americans, that means home ownership. Home ownership is still the cornerstone of the American dream, a fact that you can see in the lives of everyday folks.

One of them is Kim Hartman from Des Moines, Iowa. Kim grew up as a foster child and was forced to change homes and change schools on a regular basis. Because of that experience, she always dreamed to give her kids better, a dream that came true this past September when she became a homeowner. Kim's wasn't an overnight success story. She put in years of work as a pharmacy technician, took numerous financial education classes and spent hundreds of hours helping build homes with the local HUD partner, the Greater Des Moines Habitat for Humanity.

Her dream endured through it all and now she takes pride in the fact that she has a permanent address, that her kids can board the same bus for school each day, and that her girls know that she'll be there when they arrive home. That's why the opportunity of home ownership is so powerful. It's a source of pride, it's a source of wealth, providing both a nest and a nest egg. And it strengthens communities and fuels growth in the overall national economy.

That's also why it's time to remove the stigma from promoting home ownership. Some have been surprised by this focus. A few have even suggested that this is a return to the mania that fueled the crisis. It's not. Our nation is smart enough to need the lessons of the past without forsaking our future. The answer isn't to deny responsible Americans home ownership, it's to do it right. Since 2009, the Obama Administration has enacted historic safeguards to prevent our nation from revisiting the wild, wild west lending environment that we saw the last decade. For example, the Consumer Financial Protection Bureau now requires lenders to evaluate a borrower's ability to repay their loan and prohibits them from receiving bonuses for more expensive loans.

In addition, HUD has launched an Office of Housing Counseling that's served nine million folks, helping them buy a home when they're ready and postpone their search when they're not. These actions are helping folks attain a place to call their own. Now, the challenge is to expand that opportunity.

I also want to be very clear that there's nothing wrong with being a renter. As a matter of fact, my family and I rent here in Washington, D. C., but for most Americans who may struggle with stagnant wages, home ownership is a better deal. Zillow says that renters are spending twice as much of their income on housing as homeowners. Costs aren't just going up in New York and San Francisco, they're also going up significantly in places like Portland and Denver and Baltimore. Some folks feel as if they're almost

mispending money by paying their landlords instead of themselves. We need to provide them with more housing options.

And that's where the Federal Housing Administration comes in. As many of you know, FHA has long been a beacon of hope for underserved borrowers. In fact, FHA has insured 1.6 million first time home buyers in the last three years alone. And we want more folks to be able to access our services. First, this means expanding access to credit. Some believe that a few years ago, it was too easy to get a home loan. The fact is that in 2015, it's too hard. In fact, according to the Urban Institute, the housing market is missing out on 1.2 million loans every year because credit is so tight. And just a couple of months ago, even Ben Bernanke, the former Fed chair, remarked that he'd been having trouble refinancing his mortgage.

So, we've undergone a yearlong effort to clarify our policies so that lenders can feel more confident in working with a wide range of creditworthy borrowers. This has helped increase the flow of credit, and we're going to keep building on this progress.

Secondly, we want to make home ownership more affordable for those who already qualify for a loan. Last week, President Obama announced that FHA will reduce its annual mortgage insurance premiums by half a percentage point by the end of this month. Right now, FHA premiums are at a historically high level, and the cost of obtaining the American dream is too great for a lot of working folks, folks in the middle class. I'm talking about people like Brittney Kaufman from Maryland. A dental hygienist, Brittney told Bloomberg News that she found her dream home after two months of looking and she planned to use an FHA-backed loan to make that dream real. And then she found out that FHA had raised its fees and instead of paying \$125 a month for it, she'd have to pay \$340 a month. That's just something that she hadn't budgeted for, and so Brittney postponed her search.

And the thing is, Brittney's not alone. The National Association of Realtors estimates that nearly 400,000 creditworthy borrowers were priced out of the housing market in 2013 because of high premiums. We expect our premium reduction to help more than two million borrowers save an average of \$900 annually over the next three years. It will also encourage nearly a quarter million new borrowers to purchase their first home.

This is a commonsense step. FHA's premiums will still be, even after this reduction, 50 percent greater than they were at the beginning of the crisis. This premium change only makes an FHA loan more affordable for qualified borrowers as well. All other FHA requirements will remain the same, including verification of a borrower's ability to pay, families still have to qualify for an FHA loan. But when they do, they'll find a more affordable path to home ownership waiting for them.

Both Main Street and Wall Street believe this reduction is a win. The Center for American Progress, the National Community Reinvestment Coalition and the Mortgage Bankers Association all agree on this point. By bringing these costs down, we're hoping

and have confidence that we'll help lift folks up and that we'll expand opportunity for generations of Americans to come.

When I reflect on the work that we do every day at HUD, I think about folks like Myra Woodard from just outside Louisville, Kentucky. Myra's a person whose determination and talent, coupled with support from HUD, helped her transition from public housing resident to homeowner last year. In looking back at her journey, she said that it wasn't the services alone that made such an impact on her life. She said that it was "the torch of support, compassion, understanding and encouragement that was passed through each individual in service."

This is what we're about. We're about people. We're about making their lives a bit better and giving them the chance to thrive. And that's why we're so focused in 2015 on home ownership. It represents family and community, it leads to stability and to security and it is the cornerstone of the American dream. Over the years, through decades of economic downturns and wars, the American people have always held onto this dream, and I'm confident that they always will. It's part of the fabric of our nation. It's what we do and who we are. We try, we seek, we aspire.

And for many folks who are working hard and saving, that aspiration leads them to their own home. For them, the time is now to buy, the time is now to invest in their future, the time is now to make their dreams of home ownership a reality. Every day at HUD, we report to the Robert Weaver Building and put in the hours to help match their aspirations and dreams with hard work on our end to make those dreams a reality. In my five months on the job, the biggest transition that I have made is going from city government to the federal government. I'd be lying to you if at the beginning of that transition I said that there weren't a bit of growing pains, and it took a little bit of getting used to.

But five months later, I'm convinced of this much. That at HUD and throughout our federal system, we have a core of folks who are passionate and committed, ready, willing and able through their efforts to help insure that those dreams of home ownership become a reality. HUD stands ready to help and to make 2015 a year of housing opportunity. We're confident that families will seize that opportunity, and we believe that in so doing, that we will help make that American dream more real for millions of Americans, and help make this 21st century another American century. Thank you very much. (Applause)

MR. BELKIND: Mr. Secretary, what is the biggest problem in helping people secure home ownership?

SECRETARY CASTRO: Thank you very much for the question. I think one of the biggest challenges, and one that I addressed in my remarks these days, is access to credit. Another is affordability. The goal behind the FHA premium reduction that President Obama announced a few days ago was to principally address affordability and the National Association of Realtors has estimated that there are about 400,000 potential

borrowers that were priced out of the market because of high mortgage insurance premiums.

The other end of it is access to credit. This is something that FHFA is working on, it's something that the FHA is working on to try and create the business certainty that is good for Fannie and Freddie, that is good for FHA, is sensible, is also good for the lending community and is good, fundamentally, for the American consumer. And so, the biggest challenges I would say are this issue of access to credit and affordability. And both of those are challenges that we're prepared to meet head on with sensible policies that are prudent, but have the effect of expanding opportunity.

MR. BELKIND: You're generating a lot of questions, Mr. Secretary. Are there any steps you have not taken yet in your first five months on the job that you would like to take to increase home ownership?

SECRETARY CASTRO: Well, we're taking a number of steps at FHA. Last May, we announced the blueprint for access to credit. We are looking at ways that we can make that more robust in the future. Those are not fully cooked right now, they're still being worked on and so I'll reserve for a later date if we do expand that blueprint for access to credit, the details of that. But home ownership very much is on our radar screen.

Let me just also address this point because I feel like every time we throw that word out, home ownership, the first response you get is, "Well, aren't you just turning back the clock to what we went through?" And the straightforward answer to that is no. In my remarks I mentioned several of the checks and balances that have been put into the system so that we don't go back to where we were before. From the work that the CFPB is doing, to new policies at FHA, at FHFA as well, the landscape of lending has completely changed since that time. And you can see that most clearly in the credit scores of borrowers today versus the credit scores of borrowers from a few years ago.

And the case is that the pendulum has swung from one extreme where it was too easy to get a home loan to the other extreme, where it's too difficult. And what we need to achieve is a sensible and strong middle where we have the right safeguards in place, those remain in place, but we also have good opportunity for hardworking Americans to be able to own a home.

MR. BELKIND: How did you reach the decision to cut FHA premiums, and will you consider cuts to up front fees and/or dropping the requirement that premiums must be paid for the life of the loan?

SECRETARY CASTRO: Thank you very much, it's a very good question. On the annual fees, these annual fees have escalated significantly. Fees overall have gone up by about 145 percent at FHA since the crisis began. We made a decision about reducing the insurance premiums based on the latest actuarial report, the annual review that we got on the mutual mortgage insurance fund. You all may know, those of you all who write about housing, that we said at that time that we were back in the black and that we would

take a step back and analyze whether or not it made sense to reduce these mortgage insurance premiums. After that sober analysis, and really understanding the numbers, listening to those numbers, we made a decision to go ahead and lower it by 50 basis points, .5 points. And as to the question of any further reductions, right now there are no further reductions on the table.

MR. BELKIND: This is a somewhat related question. FHA is the starting gate for most first time home buyers. Is there any concern that FHA home buyers are already upside down the first day they move in?

SECRETARY CASTRO: Well, we want to-- we're always generally, of course, concerned about insuring that folks who take out a loan are able to repay that and that home ownership is a positive experience and not a negative one. The goal is to help build wealth out there and not to detract from it. So we believe that some of the policies that have been put in place, the checks and balances, during the housing crisis have helped to insure that borrowers who qualify and get an FHA loan are in a better position to actually pay for that loan and to benefit from home ownership in general.

We also, as I mentioned in my remarks, have embraced housing counseling as an effective way, both pre-purchase and post-purchase, to help insure that borrowers fully understand their responsibility and how to budget out, for instance, in their monthly household budget that house payment and what the true cost of owning a home is. That it's not just about the mortgage payment, it's also about the upkeep and maintenance and so forth.

So through some of the sensible policies that have been put in place at FHA and also through things like housing counseling, we're confident that borrowers will have a positive experience.

MR. BELKIND: In the context of a new condo building, there are thresholds for sales that need to be met before any one new loan may be closed. In other words, the building has to be 50 percent sold out before FHA will lend in there. It stops projects from moving forward, according to the questioner. Are there any plans to review some of those rules in order to help facilitate the orderly sale of new urban dwellings?

SECRETARY CASTRO: I want to thank you all for the question, this is a question that comes up from time to time and I know I have been to a number of cities where the condo market is very much an important part of the real estate market and a growing part of it. I think of places like Miami, for instance. This is an issue that is on the radar screen. We have heard a variety of perspectives from different groups, business groups, and other interest groups. And so it is on the radar screen and we are looking at what's possible there but have not come to any kind of conclusion about whether there's going to be significant changes.

MR. BELKIND: The FHA waiver of its regulation prohibiting home flipping expired on December 31st of 2014, two weeks ago. Is there really any benefit to the

market to restrict FHA home loans to borrowers from accessing these newly renovated homes? Would it be better to impose guidelines to help insure quality work?

SECRETARY CASTRO: Thank you very much for the question. Let me put this in a little bit of a broader context. One of the concerns that we hear out there is that to the extent that FHA has a hold of properties in communities, folks out there in local communities are concerned that we insure that we have an eye toward not just what's right for the FHA and the fund, but also how do we help keep the character of that neighborhood in good stead? And so with regard to the rule that you cited, I have not looked into that in the last 11 days. But when we think through how we approach these questions, we want to insure that we strike a balance between the health of the FHA and its business needs as well as the character of the communities that we're serving. That we do right by those local communities and their neighborhoods. And so that's how we'll evaluate those types of rules.

MR. BELKIND: Thank you. Peter Wallace said of the American Enterprise Institute, writes in his new book, that the affordable housing goals of the administration are leading to underwriting and this will lead to an economic downturn. Your thoughts, please?

SECRETARY CASTRO: In that question, was there a-- you said they're leading to-- is the questioner suggesting that it's leading to underwriting that is too lax? I felt like there was something missing in the question. I think that's the question, and the answer to that is, first of all, the proof is in the pudding, that that is not the case today. If anything, the underwriting standards are too strict. As I mentioned before, we went from one extreme where it was too easy to get a home loan to another extreme today where it is too difficult to get a home loan. And what we want to be able to achieve is a strong sensible middle ground where we have good safeguards in place so we don't slide back to the past. But at the same time, folks who are ready and responsible to own a home can get access to credit and the housing goals that the administration has set. I don't believe that those are playing the kind of role that the questioner suggests.

MR. BELKIND: I don't know if you can quantify this, but the questioner asks, "How many homeowners were needlessly foreclosed? Did you see it happening in San Antonio? Did the Feds do enough to help?"

SECRETARY CASTRO: I do believe that communities across the United States saw the impact of foreclosures. San Antonio was no different from that. It was not as pronounced in some markets like San Antonio as it was in others. I'm thinking about places like Phoenix and Las Vegas at the depth of the housing crisis, places in Florida, who were very strongly impacted. From day one, the administration took very aggressive action to help folks stay in their homes, make it more affordable for folks to hang onto those mortgages and be able to actually pay them.

The announcement the other day in Phoenix was significant because we went back to a housing market that had been very hard hit with the housing crisis, but has seen

significant up tick. And I believe that the Obama Administration took very strong, important measures to blunt the force of that foreclosure crisis. And because of that, millions of Americans have been able to stay in their home and the administration continues to be committed to helping people stay in their home.

At HUD, we embraced grants like the Neighborhood Stabilization Program grants, NSP and NSP II, as well as partnerships with local communities and the usage of home funds, CDBG funds, to make home ownership possible in communities throughout the United States.

MR. BELKIND: Will Congress pass housing reform in this new Congress taking office this week?

SECRETARY CASTRO: The straightforward answer to that is I don't think anybody can tell right now. The administration's position has not changed on housing finance reform. The administration supports housing finance reform that gets the taxpayers off the hook were we ever to experience the kind of housing crisis that we did just a few years ago. We believe there is a sensible way to accomplish that. We are pleased to see Johnson-Crapo make it through the Senate banking committee. That did not get broader Senate approval and did not get approval in the House of Representatives.

But we remain committed to the principles underlying that legislation and we look forward to seeing what comes forward in this new Congress. My hope is that we can find a good, sensible way to address this in 2015.

MR. BELKIND: Will Fannie and Freddie survive?

SECRETARY CASTRO: That's a great question, and the fact is that that depends on what happens in any potential legislation. And I think that folks along the ideological spectrum and partisan spectrum believe that there is a better way out there. There's a way that we can accomplish having a government backstop, but do it in a manner that doesn't leave taxpayers on the hook the way that they were a few years ago. I know that Director Watt is doing fantastic work over at FHFA and they're very much a part of this conversation. But I believe that we can accomplish this balance between getting the taxpayers off the hook, getting good, sensible housing finance reform and also creating more opportunity for home ownership.

The fact is right now that Congress has just begun its work in earnest and I have not seen anything that's been put out there yet. So nothing is swimming through the process that I know of. We'll address it as it comes along.

MR. BELKIND: Redlining is racism in the housing market. Is redlining more prevalent than it was ten years ago? And do you have any plans to crack down on this practice?

SECRETARY CASTRO: The department is committed to insuring that everyone in the United States has an opportunity to have a good quality of life in where they live and opportunity for home ownership. And we have a robust FHEO, Federal Housing Equal Opportunity office that is committed to enforcement as well to insure that no matter the color of somebody's skin or if they have a disability or their religion or national origin, that they're able to live where they want and where they're able to afford. And that includes looking at situations where folks engage in discriminatory lending practices. Of course, this issue of redlining is one that has had over the generations a profound impact on urban growth patterns and the location of different communities within cities. And it's one that we continue to be attentive to. And FHEO and HUD is committed to doing what it can to eliminate that discrimination.

So every year, they take on cases that impinge upon those obstacles and seek to make the United States a place where home ownership and freedom to live where you want is possible regardless of the color of your skin.

MR. BELKIND: How does the credit quality of FHA loans made in fiscal year 2014 and early 2015 compare to FHA's historical norms?

SECRETARY CASTRO: Thank you for the question. Of course, this is January 13th, so we're only 13 days into 2015. I don't know that we have any analysis for this very new year, but in 2014, the credit quality was still one of the strongest for FHA's history. I mentioned this earlier, that what we see today is that the credit score of borrowers are getting a loan, whether it's from FHA or from the GSEs is traditionally much higher than it was. Certainly in the time period where it was too easy to get a loan, but even higher than it was, let's say if we went back 15 years ago to 2000 or 20 years ago, the credit quality of these borrowers is very, very strong.

At FHA, for instance, we've also done things like put in a credit score floor of 500 and have required that if you have a credit score 580 or underneath that you need to put 10 percent down, not the traditional amount. So all of those things, as well as I think credit overlays that the private sector, the banks, have put on have created borrower credit quality for the GSEs and for FHA that are very strong compared to the norm.

MR. BELKIND: As senior population grows, does HUD have plans to expand the HUD 202 rental demonstrations and add more affordable housing for seniors?

SECRETARY CASTRO: That is something that's on our radar screen. I know that, for instance, AARP and the Joint Center for Housing Studies at Harvard have done fascinating work on this issue. And if you just look at the demographics and what's happening in the United States, when we talk about cities, we often talk about millennials and this young generation and how important they are to enlivening up local communities. But the fact is the fastest growing population are folks over the age of 65. And so that is something very much on our radar screen and we are looking at how to be more robust in the support that we provide out there for those kinds of housing opportunities, including Section 202.

MR. BELKIND: Your focus seems to be on housing. Do you plan any changes in the urban development side of HUD?

SECRETARY CASTRO: As a former mayor, a recovering politician, one of the things that I've enjoyed most about HUD, and certainly when I was mayor, are programs like CDBG and HOME and the 40 year legacy now that CDBG has had in helping to rebuild communities and investments in infrastructure, and so we like to think of HUD now as fully as the Department of Housing and Urban Development. As a former mayor, I'm very focused on the urban development component of that. Under the leadership of former Secretary Donovan, we did great things like the Choice Neighborhood grants and Promise Zone, along with other departments. We've invested in these place-based strategies for rebuilding communities.

And what I see is that we need to continue that trend and at HUD right now, we're looking at for the long term, how do we orient the department in a way that is aimed at serving individual communities better with more agility in more of a place-based way. How do we make place-based not just a name of a policy, but truly something that is embedded in the organization? And these place-based strategies really are all about urban redevelopment. I would be remiss if I didn't say as well that it's not just about cities, because HUD also serves tribal communities, it serves smaller towns, and some rural settings as well, even though we're called Housing and Urban Development.

As a matter of fact, Housing and Community Development would be more accurate. My first love is cities, as a former mayor, but I recognize that the work is more diverse than that.

MR. BELKIND: Two questions related to renting and then we'll go to some more general questions. Multifamily lenders say HUD needs to expand its rental housing construction lending and ease underwriting standards on apartment loans. Do you have any plans to do that?

SECRETARY CASTRO: We're not announcing anything on that in the near future. The multifamily market has been a relatively strong market in the United States compared to the single family market over the last several years. There are reports that that may be cooling going forward in 2015. However, there's a strong commitment on HUD's part to making investments in multifamily housing and so we're not ready to announce anything new in that regard. But we do have a very full-throated commitment to the investments that we've made in multifamily housing.

One of the ones that we're excited about is something called the rental assistance demonstration, or RAD program. RAD, which was started a couple of years ago, is about taking private sector investment into public housing and making the renovation of public housing units more possible. So, I'll give you an example. One of the-- there was a gentleman from a housing authority, I believe in the midwest, a couple of months ago that I spoke to that said that in their community, they had been able to make renovations,

improvements, in public housing units in two years that would have taken 18 years just through traditional funding.

We had our first peak at what this rental assistance demonstration project, RAD, has meant for multifamily housing in different localities. We had third party look at study the first 57 rental assistance demonstration deals. And it found that for every \$1 of public money that was invested, there was \$19 of private sector investment, over \$400 million of private sector investment. So this is making possible the renovation and renewal of units, public housing units, that otherwise just would not happen or would happen over a decade or more.

That's important because we're losing as a nation 10,000 public housing units to disrepair every year. RAD is one way that we can enhance our multifamily housing stock. And the fact is that oftentimes now, there are mixed finance deals. And this has been the case for quite some time, that include different types of financing and RAD introduces one more element into that with the overall goal being to address rental affordability out there and the fact that today a greater number of families are paying more than 50 percent of their household income toward rent. And we want to change that.

MR. BELKIND: Will HUD establish a renter's bill of rights to set national standards for what renters should expect to be entitled to?

SECRETARY CASTRO: I'm all ears on that. I grew up in my own life in the household of a mother, a single mother, who was renting. And I bought my first house at the age of 25, 26, something like that. But today, I'm a renter here in D.C. and I know that that is, for many folks, the predominant experience of their lives and they see costs going up. In some situations I know as a mayor in local government, I remember many cases on the nightly news of landlords that were not as responsive as they should have been. And that that's fairly common out there. So when you talk about a renter's bill of rights, that's intriguing and I'm all ears.

MR. BELKIND: Mr. Secretary, although you said you are a recovering politician, I do have a few questions in the political area. When you accepted the appointment at HUD, there was much speculation about what it would mean for your long-term political future. To get right to the point, do you think serving as HUD Secretary offers the kind of experience necessary for one to serve as a vice presidential nominee?

SECRETARY CASTRO: I'm trying to do a great job at HUD, so I think it offers great experience for being HUD secretary and that's really what I'm focused on. I believe that in anything that you do in life, as you all have seen I'm sure in your own profession, the number one way to be satisfied personally and also to have a great future, whatever that future is, is just to do a fantastic job with what's in front of you. Because if you don't do that, you can kiss any of that future goodbye. And so I'm just trying to do a great job with what's in front of me right now.

MR. BELKIND: I think I might know the answer, but I've said I would ask as many questions as possible. Andrew Cuomo, a former HUD Secretary, is now governor of his own state. Any chance of you following a similar career path?

SECRETARY CASTRO: Thanks for the question, maybe we have some Texans out there in the audience. That was a tough Cowboys loss, I know, the other day. Yeah, I don't know what my future's going to hold after these two years when we sign off in early 2017. I'm very, very mindful that when January 20th comes around in a couple of days that there are two years left and I want to do an excellent job as HUD Secretary in those two years and make a difference. And I believe that we can for many of the reasons that I stated in my remarks and then we'll see what happens. There's no grand plan after that.

MR. BELKIND: As you say with two years to go until the next presidential inauguration, do you endorse Hillary Clinton for President in 2016?

SECRETARY CASTRO: I have no doubt that I'll get asked that question again on November 2016. Secretary of State Clinton is obviously an extremely talented person who has made fantastic contributions to our national progress over the last couple of decades and I'm staying out of those politics in this role. But I know that she did a great job as Secretary of State and I'm confident that if she is elected President that she'll do enormous good for the country as well.

MR. BELKIND: On the other side of the political spectrum, former Texas Governor Rick Perry is believed to be preparing for a run for President. How were your dealings with him when you were mayor of San Antonio?

SECRETARY CASTRO: Governor Perry served, as folks may remember, from 2001 until just recently. And I served on the city council of San Antonio from '01 to '05, and then mayor from '09 until just a few months ago. Most of the time that I interacted with Governor Perry was around economic development projects. And oftentimes, when mayors and governors interact on economic development, everyone's on the same page. You want to see investment in your local community, there are usually incentives that are involved in sparking that investment. I have said publicly and privately that with regard to economic development that former Governor Perry did make that a priority. And so my relationship with him on those issues was cordial and good when he supported San Antonio. Obviously I have much different views from him on a whole host of issues and I believe in general that Texas is getting it half right right now of the 21st century. But I wish him well in the future.

MR. BELKIND: In the same vein, how were and are your dealings with Senator Ted Cruz?

SECRETARY CASTRO: We had a good meeting when I was going through my confirmation process. Sat down in his office, talked about where a good spot to get Texas barbecue is here in D.C.

___: What was it? (Laughter)

SECRETARY CASTRO: A place called Hill Country, he said. He and I have different views as well, but what I'm looking for as a newcomer to Washington, D. C. is where we can work together on these policies, whether it's on this mortgage insurance premium reduction or on the work that we do in public housing or any number of policies. I'm here to get a job done, to create more opportunity for folks out there. And so if it's Senator Cruz that we can work with, or Senator Cornyn who was kind enough to introduce me at my confirmation hearing, I'm eager to do it. I'm eager to work with people across the ideological spectrum in the service of creating more opportunity for every day Americans whether they come from Texas or somewhere else.

MR. BELKIND: Could you comment on the President's outreach to Cuba?

SECRETARY CASTRO: As the President has said, the policy that we had in place with regard to Cuba was in place for five decades and did not work. And so the question now is how do we go forward with a sensible policy of engagement that requires Cuba to begin making a change of course. And I'm satisfied that the President has taken a sensible, prudent step in that direction and that that is very meaningful for many Americans. I know in the Cuban American community, this is a source of a lot of thought and different views. But I believe that folks on different sides of that, both sides of that, recognize that the goal is to insure that we continue to promote freedom and democracy and the President said that he believes this is the best way and the most effective way to do it. And many folks of different ideological backgrounds have said they agree with that, that this is a sensible policy. And so I look forward to progress on that.

MR. BELKIND: The penultimate question, before we have the last question, do you think Republicans will get on board with immigration reform, and did the President go far enough in his immigration proposals?

SECRETARY CASTRO: The President made a prudent decision to take action, a first step to fix our broken immigration system. There are folks who have suggested that he didn't go far enough. I disagree on that. The President has done what is within his authority and he has been very reasonable about that, doing something that is measured and at the same time does go further than any President has before to say that we are a nation of laws. We're also a nation of immigrants and we're going to create a way to be both of those things to help keep families together if we have folks who are acting responsibly right now in the United States and they get to the back of the line.

It's also true that the Congress has the opportunity to pass legislation. If Congress disagrees with the President on his immigration action, they can pass a bill. And, in fact, Americans out there are waiting for Congress to pass comprehensive immigration reform. It passed in a bipartisan way in the Senate. The House of Representatives should have brought comprehensive immigration reform to the floor. Because of the Hastert rule, they

did not. And now it's up to the Republican-controlled Congress to do the responsible thing and pass comprehensive immigration reform.

I believe that if and when they do that that will look a lot like what the President has laid out, and the Senate supported, a year, year and a half ago. Something that is responsible and accomplishes both insuring that we protect our borders, but also that we do something about the 11 million folks who are already here because it is not realistic to think that we're going to deport 11 million people.

MR. BELKIND: Mr. Secretary, before asking the last question, I'd like to present you with the traditional National Press Club mug. And should you return on future occasions, you will get more to complete a set. This, the final question in the brief time we have left. I have not met your twin brother, but the questioner says, "Being a cabinet secretary means always being overcommitted. That being the case, have you, or will you consider ever allowing your brother to serve as your body double?" (Laughter)

SECRETARY CASTRO: You know, I have to be honest that I will not consider that because my brother habitually introduces himself by saying that I'm a minute uglier than he is. And so I'll skip that. (Laughter)

MR. BELKIND: Thank you, Mr. Secretary. Thank you all for being here. We are adjourned. (Applause)

END