



## CALIFORNIA CORONAVIRUS WEEKLY RECAP

*A weekly digest to keep you up to speed on the California coronavirus outbreak.*

June 17, 2020

Welcome to the 14<sup>th</sup> issue of the Coronavirus Weekly Recap newsletter. Before we get started on this week's news, we want to make sure you're aware of what C.A.R. has been working on:

- Yesterday, C.A.R. CEO Joel Singer moderated a panel of top-producing California REALTORS® who shared how they have been able to maintain business momentum during the pandemic. If you weren't able to tune in live, [you can watch the recording here](#).
- Following the passage of the Paycheck Protection Flexibility Act, we have continued to update [C.A.R.'s coronavirus microsite](#) with new information about the Paycheck Protection Program (PPP). See our [FAQ on SBA Loans for Agents](#) and our [FAQ on SBA Loans for Brokers](#).
- Check our upcoming slate of [webinars](#) designed to help you conduct business and secure financial relief during the pandemic. You can also find an archive of previous webinars to peruse.

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## The Economy & Your Finances: High unemployment projected to last throughout the year

More than [1.5 million](#) Americans filed for unemployment benefits last week — the lowest weekly number since the crisis began, but still far above normal, pre-pandemic levels. While the total number of people receiving unemployment aid has [fallen slightly](#), indicating that some are returning to jobs at restaurants and retailers as those businesses reopen, the new unemployment applications indicate Americans are still losing jobs even with many states well into the reopening process.

Currently, the additional \$600-per-week enhancement to unemployment benefits some 30 million Americans are receiving is [set to end in late July](#). National Economic Council Director Larry Kudlow has reiterated his intention to end the extra benefit in July as planned, and the Trump administration has indicated its preference for replacing it with a [cash bonus](#) for those who go back to work. Lawmakers in Congress are [divided](#) on how to proceed.

The Federal Reserve expects the year to close out with an unemployment rate of [9.3 percent](#) and remain elevated for some time after, only falling to 5.5 percent by 2022. To protect the economy, the Fed is likely to [keep interest rates low](#) for several years, anticipating a slow recovery. It's not just the United States economy looking at a long uphill battle — a new report from the World Bank expects the overall [global economy to shrink by 5.2 percent this year](#), which would plunge the world into the deepest recession since the end of World War II.

Last Friday, the Small Business Administration updated the Paycheck Protection Program

(PPP) Borrower Application Form to comply with the new PPP Flexibility Act. The new form can be found [here](#).

On Monday, the Small Business Administration's Economic Injury Disaster Loan (EIDL) program was reopened to all eligible small businesses and self-employed individuals impacted by the COVID-19 pandemic. The online application is available at the [SBA website](#).

Sources: The New York Times, Los Angeles Times, Inman News, National Public Radio, Politico, CNBC, Treasury Department, Small Business Administration

## The Market & Industry: Homebuying sentiment and demand increases

As expected, California [home sales fell in May to the lowest level since the Great Recession](#) as the housing market suffered the full impact of the coronavirus pandemic in May and remained below 300,000 units for the second straight month. At the same time, pending sales increased 67.2% from April as the incremental relaxation of shelter-in-place orders coupled with record low mortgage rates boosted interest in housing. According to C.A.R.'s monthly [California Housing Sentiment Index](#), the percentage of consumers who thought it was a good time to buy a home increased to 32 percent last month, a high for the series that began capturing data in September 2018.

Closed escrow sales of existing, single-family detached homes in California totaled a seasonally adjusted annualized rate of 238,740 units in May. May's sales total was down 13.9 percent from 277,440 in April and down 41.4 percent from a year ago, when 407,330 homes were sold on an annualized basis. The year-to-year drop was the largest since November 2007, contributing to a year-to-date sales drop of 12.9 percent.

The pace of growth for California pending home sales has continued to tick up, but at particularly slow speeds: [under 3 percent](#) in three of the four past weeks. And the number of new homes added to the MLS has been essentially flat for the past month, suggesting

sluggish sales to come in the next few weeks. Nationwide, according to Redfin CEO Glenn Kelman, [homebuying demand is up 25 percent](#) from pre-pandemic levels.

Despite the pandemic, the Mortgage Bankers Association says mortgage applications are up [13 percent](#) from a year ago. Last Thursday, the average rate on the 30-year fixed mortgage fell to a [new record low](#) of 2.97 percent.

While there are currently [4.66 million](#) borrowers in forbearance nationwide — representing 8.8 percent of all active mortgages — that number has been shrinking for the last two weeks. New data from Black Knight Analytics revealed that the majority of homeowners in forbearance have [at least 20 percent equity in their properties](#), which may provide a protective cushion.

Sources: C.A.R. Research & Economics, Redfin, REALTOR® Magazine, CNBC, Black Knight Analytics

## **Around the State: Cases keep rising as California reopens**

Last Friday, businesses including gyms, museums, day camps, hotels and pro-league arenas (without audiences) were [allowed to reopen in California](#). Governor Newsom has [defended the decision](#) to push forward with reopening despite the seven-day average of new cases continuing to climb in California — he insists the state is [ready for a spike](#) and is already close to conducting the targeted 60,000 COVID-19 tests per day.

As of last night at 10 p.m., cases numbered 159,183 and deaths had hit 5,202. With California having passed the milestone of 5,000 COVID-19 deaths, some [health experts are concerned](#) the reopening will cause another surge in hospitalizations that could overwhelm the system. Last Thursday, [Oregon had to pause its reopening](#) following a noticeable increase in new infections. California remains the third largest outbreak — behind New York and New Jersey — in the country. Right now, [21 states](#) are seeing increases in their average daily new coronavirus cases.

Health officials continue to reiterate that the only way to avoid a new wave of infections is

to follow strict safety rules, including [wearing face masks](#). But across the state, [many Californians are pushing back](#) against mandatory face-coverings, with [Orange County](#) recently reversing a rule that required people to wear masks in public.

Meanwhile, although the music festivals [Coachella and Stagecoach](#) have been officially canceled for 2020, [Yosemite National Park](#) reopens tomorrow, and [Disneyland](#) plans to reopen for its 65<sup>th</sup> anniversary on July 17. On Monday, the Academy of Motion Pictures Arts and Sciences announced the [Academy Awards will be postponed](#) for two months due to the pandemic.

Sources: Los Angeles Times, Politico, CAL Matters, The Washington Post, CNN, The Orange County Register, Desert Sun, The Mercury News, National Public Radio

## Health Check-Up: CDC releases new tips for daily activities

On Friday, the Centers for Disease Control and Prevention (CDC) released new [tips for resuming some daily activities as safely as possible](#). The CDC has stressed the guidelines are “[not intended to endorse any particular type of event](#).” Tips include:

- Wear a cloth face covering when doing any in-person exchanges at a bank and unable to stay at least 6 feet apart from other people – and make sure that bank employees and other people inside the bank are also wearing cloth face coverings.
- Before you go to a restaurant, call and ask if all staff are wearing cloth face coverings while at work.
- Wash your hands for at least 20 seconds when entering and exiting social gatherings. If soap and water are not readily available, use a hand sanitizer that contains at least 60% alcohol. Cover all surfaces of your hands and rub them together until they feel dry.
- When at the gym, ensure equipment is clean and disinfected. Wipe down machines and equipment with disinfecting wipes and use hand sanitizer that contains at least 60% alcohol before using machines.

Last week, the World Health Organization (WHO) [walked back its earlier assertion](#) that asymptomatic transmission of COVID-19 is rare. And a recent study from Japan suggests many of the country's coronavirus clusters that originated outside hospitals came from people under 40 years old who were [not experiencing symptoms](#).

On Monday, the [Food and Drug Administration](#) (FDA) revoked emergency authorization of [chloroquine and hydroxychloroquine](#), two drugs previously touted by President Trump.

If you need to get tested, the State of California has created a [searchable map of testing sites](#). If you have attended a recent protest and are unsure of what steps to take to minimize yours and others' risk, [see this guide](#) from *The San Francisco Chronicle*.

Sources: Centers for Disease Control and Prevention, Los Angeles Times, Food and Drug Administration, NBC News, The New York Times, CNN, State of California



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