

## CALIFORNIA CORONAVIRUS WEEKLY RECAP

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

June 10, 2020

Welcome to the 13<sup>th</sup> issue of the Coronavirus Weekly Recap newsletter. We hope you and your loved ones are healthy as we reach the halfway point in this week. Before we get started on the news, here's some of what C.A.R. has been working on for you:

- C.A.R.'s Research & Economics department has released its updated [Economic & Housing Outlook](#), which touches on how COVID-19 is impacting the housing market, future outlooks and scenarios, and resources for members. The market update is split into four distinct sections: California as a whole, the Central Valley, the Bay Area and Southern California.
- Want to learn more about how top producers are maintaining momentum during the pandemic? [Register for a free virtual C.A.R. event](#): "How to Keep Business Moving During Uncertain Times: Top Producers Share Their Stories." Moderated by C.A.R. CEO Joel Singer, this panel of experts will delve into how they have been able to safely and successfully close transactions over the last few months.
- Check out [this week's webinars](#), and take a look back through the archives to find recordings of past webinars.

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## The Economy & Your Finances: New modifications to the Paycheck Protection Program

Last Friday, President Trump signed the [Paycheck Protection Program Flexibility Act of 2020](#) into law. [The bill](#) modifies the existing Paycheck Protection Program (PPP) from the U.S. Small Business Administration by:

- Extending the period to use loan funds to obtain forgiveness to 24 weeks from eight weeks;
- Lowering the amount recipients need to spend on payroll costs in order to obtain forgiveness from 75 percent to 60 percent;
- Extending the deadline to rehire workers from June 30, 2020, to December 31, 2020 to avoid reduction in loan forgiveness;
- Allowing borrowers to achieve full forgiveness even if they do not fully restore their workforce by December 31, 2020 because of COVID-19 related operating restrictions; and
- Allowing companies receiving loan forgiveness to defer payroll taxes.

It was [announced](#) that SBA, in consultation with the Department of the Treasury, will promptly issue rules and guidance, a modified borrower application form, and a modified loan forgiveness application to implement the Act.

Despite predictions that unemployment would continue to rise in May, the U.S. jobless rate actually fell to [13.3 percent](#), down from 14.7 percent in April — although notably, the black unemployment rate did not follow this trend and instead rose to [16.8 percent](#). With states reopening, approximately [2.5 million](#) jobs have been added to the economy — a significant number of them in [homebuilding and remodeling](#). The surprising rebound and [what it means for the economy](#) as a whole has been highly debated among economists.

While nearly [2 million](#) Americans filed for unemployment the week before last, the rate of job loss is slowing — except in California, where first-time claims for unemployment [rose slightly](#) in the last week. Still, the overall numbers in the Golden State are trending downward.

An estimated [\\$67 billion](#) of the unemployment benefits owed to Americans has yet to reach recipients, indicating that efforts to quickly ramp up these support programs have been lagging. In California, [1.75 million people](#) who applied for benefits during March and April still had not received their first payment by the end of April. While the [California Employment Development Department \(EDD\)](#) has reported it is hiring thousands more employees and enhancing its chat feature to more efficiently process claims, many remain frustrated with the service.

Studies are showing that the coronavirus outbreak in California is disproportionately impacting [poorer areas and communities of color](#). African Americans in particular are experiencing high [unemployment rates](#) and [death rates](#) compared with other groups. In this *Los Angeles Times* piece, health experts weigh in on [what needs to be done](#) to prevent COVID-19 from devastating black communities.

Sources: Los Angeles Times, The Washington Post, HousingWire, Politico, The San Francisco Chronicle, The OC Register, U.S. Congress, CNBC, The Mercury News, The Sacramento Bee, Vox

**The Market & Industry: Buyer interest rising, supply remains constrained**

A [C.A.R. survey](#) recently showed more REALTORS® entering escrow and closing transactions, indicating that pending and closed sales should increase within the next week. And more REALTORS® are reporting making listing appointments and showing properties than during previous weeks of the pandemic. This pattern suggests more much-needed supply may be coming on the market soon; at the moment, [supply remains constrained](#).

Homebuyer interest, on the other hand, [has continued to rise](#), with California mortgage applications up about 5 percent from where they were a year ago. While buyers may expect to score significant discounts during the pandemic, [median prices in California have held fairly steady](#); although more sellers appear to be making concessions, the concessions themselves seem to be shrinking in size.

During the week ending on June 2, COVID-19-related [forbearance volumes declined](#) by 34,000. This was the first decline since the pandemic began. Still, the total number of loans in forbearance remains high at [4.7 million](#) — almost 9 percent of all outstanding mortgages.

A recent study from the [Urban Policy Institute](#) outlines the ways in which sudden economic disasters increase racial disparities in homeownership. These patterns are already starting to play out in the wake of the coronavirus; for instance, nearly [28 percent](#) of black homeowners didn't pay or deferred their mortgage payment in May, compared with 9 percent of white homeowners.

Sources: C.A.R. Research & Economics, HousingWire, CNBC, Inman News, Market Watch

## **Around the State: Schools, bars and gyms to reopen even as cases rise**

California is gearing up to allow [sports, bars and gyms](#), among other businesses, to reopen as early as this Friday. Public health officials are stressing that just because certain businesses are reopening doesn't mean the threat of contracting COVID-19 is

gone, and patrons will need to continue to follow stringent social distancing guidelines. The Department of Public Health has also released [guidelines for the reopening of schools](#) that include measures for intensifying cleaning and ventilation and increasing distance both in and outside of the classroom. Some suggest the guidelines, which could see only half of a school's students in physical attendance on any given day, pose [more questions](#) than they answer.

Even as [movie theaters](#) get the green light to reopen and [Napa Valley wineries](#) welcome back visitors, [California continues to see cases rise](#). While confirmed cases are slowing in the [Bay Area](#), in [Los Angeles](#) — which has taken a [less aggressive approach](#) to combatting the virus — the transmission rate is rising. As of yesterday at 9:55 p.m., cases in California numbered 137,057 and deaths had hit 4,749. California as a whole has risen to be the third-largest outbreak in the country, behind New York (379,482) and New Jersey (164,796).

Globally, COVID-19 deaths have surpassed [400,000](#), with more than 6.9 million people infected. The United States has surpassed [110,000 deaths](#) and is nearing 2 million infected. But those numbers could have been much higher; a recent study found the early shutdown efforts in the United States prevented about [60 million](#) novel coronavirus cases.

Sources: Los Angeles Times, California Department of Public Health, The San Francisco Chronicle, The OC Register, The Wall Street Journal, The Mercury News, National Public Radio, Centers for Disease Prevention and Control, The Washington Post

## **Health Check-Up: WHO recommends all individuals wear masks in shops, confined spaces**

The World Health Organization (WHO) has released [new guidance on wearing masks](#) to control the spread of COVID-19. The agency [now recommends](#) individuals wear cloth masks with at least three layers of fabric while on public transportation, in shops or in other confined spaces. This brings the WHO's recommendations more closely in line with many countries that have been requiring or encouraging masks for months, including the

United States. The Director-General of the WHO reiterated when announcing the new recommendations that masks can create a [false sense of security](#) and that a mask alone will not prevent you from contracting COVID-19.

The current target for having an [approved coronavirus vaccine](#) available to the public is the first quarter of 2021, according to Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases. There are at least [135 vaccines in development](#) right now, some of which are set to enter widespread [testing in humans](#) as early as July.

Until a vaccine becomes available, experts have weighed in on how we can reprogram ourselves to more safely engage in activities like [using the elevator](#), [having friends over](#) and [attending a public protest](#).

Sources: World Health Organization, Vox, CNBC, The San Diego Union-Tribune, National Public Radio, The New York Times



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