



CALIFORNIA CORONAVIRUS WEEKLY RECAP

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

September 16, 2020

Welcome to the 26th issue of the California Coronavirus Weekly Recap newsletter. Before we get started with this week's news, we want to remind you that we have updated our [Step-by-Step Guidance for PUA Certification and Other Post-Application Information](#), which you can find on the COVID Legal Documents page on car.org.

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The Economy & Your Finances: No state or federal taxes on PPP loan forgiveness

Governor [Newsom signed AB 1577](#) last Wednesday to conform state tax law with federal tax law in regard to the treatment of forgiven Paycheck Protection Program (PPP) loans. The new law excludes forgiven PPP loans from gross income calculated for state income tax purposes. This means that if you applied for and received a forgivable PPP loan, you will not need to pay federal

or state income tax on the loan proceeds if the loan is forgiven. However, keep in mind that otherwise deductible business expenses that are paid with forgiven PPP loan funds will be disallowed as tax deductions when computing your taxable income for both federal and state income taxes. We have updated our [FAQ on SBA Loans for Agents](#) and [FAQ on SBA Loans for Brokers](#) to reflect this change.

Governor [Newsom also signed SB 1447](#) that provides tax credits to small businesses that hire during the pandemic. Specifically, SB 1447 allows small businesses with under 100 employees to claim a credit against their personal and corporate income taxes of \$1,000 for each net increase in qualified employees, up to \$100,000, so long as the business' gross income has declined at least 50 percent in the previous year.

Last week, over [880,000 Americans](#) applied for unemployment, bringing total jobless claims to nearly 60 million since mid-March. Of those, 237,500 claims came from California, meaning the state accounted for [27 percent of all unemployment claims](#) filed nationwide. California has [one of the five worst unemployment rates](#) in the nation, behind Hawaii and Puerto Rico.

Sources: Yahoo! Finance, Office of the Governor of California, California State Legislature, Business Insider, The Hill, The Mercury News

The Market & Industry: Record-low mortgage rates and inventory

Mortgage rates dropped to a record low last week, averaging [2.86 percent](#) for a 30-year fixed-rate loan. This marks the ninth time in 2020 that mortgage rates have hit a new floor. At the same time, [mortgage credit availability](#) shrunk to a six-year low in August, meaning lending standards have tightened.

Buyer demand still remains high, with mortgage applications up [40 percent](#) from a year ago. California REALTORS® surveyed by C.A.R. reported [encouraging business results](#) last week, though optimism about future slides slipped modestly.

Demand continues to surge in "[Zoom towns](#)," smaller, more affordable markets outside of bigger

metropolitan areas that have become more popular as more people have been working remotely. A new study from Zillow found that nearly [2 million](#) American renters could become homebuyers if they were able to work remotely and move to a less expensive area.

Meanwhile, the [number of homes for sale nationwide is in record low territory](#), with some of the more affordable areas seeing the biggest drops in inventories. And [Black homebuyers](#), who are less likely than their white counterparts to have jobs that allow them to work remotely, are facing disproportionately high prices and tight inventories. And a June surge in mortgages at least 90 days overdue has experts worried the U.S. could be heading towards a [foreclosure crisis](#).

In Q2 2020, [iBuying activity](#) on the part of RedfinNow, Offerpad, Opendoor and Zillow plummeted 88 percent. But now, with activity resumed, [Opendoor](#) is reportedly in talks to go public through a merger with Social Capital Hedosophia Holdings Corp. II, a company that acquires other companies in order to take them public.

Sources: MSN Money, REALTOR® Magazine, C.A.R. Research & Economics, NPR, Inman News, Mortgage Professionals of America, HousingWire, Redfin

Around the State: Wildfires continue to exacerbate COVID crisis

The [massive wildfires](#) spreading through California have exacerbated the coronavirus crisis, with experts worried both about thousands of evacuees gathering in crowded spaces and about people in evacuation zones choosing to remain at home and in danger due to fear of catching the virus. Doctors warn the bad air quality stemming from the wildfire smoke could make people both [more vulnerable to contracting COVID-19](#) and more likely to contract a severe case.

The fires are also exacerbating another crisis: The rising number of California homeowners who can't obtain or afford [fire insurance](#). As wildfires have become more destructive and prevalent in recent years, some insurance companies have drastically raised premiums, while others have pulled out of the state altogether. For more information on this issue you can pass along to your clients, see [C.A.R.'s Wildfire Resources Center](#).

As of yesterday at 10:06 p.m., cases in California numbered 768,507 and deaths had hit 14,614. California has the highest number of coronavirus cases in the country, ahead of Texas and Florida. Despite topping 14,000 deaths last week, California's [new coronavirus cases are slowing](#) statewide, dropping substantially since late July when the state recorded nearly 11,000 cases in a single day. Turnaround times for coronavirus tests have improved as well.

Even with 25 counties allowed to reopen schools in the weeks ahead, [many schools remain closed](#) — particularly those in less affluent, majority-Latino neighborhoods. The [California State University System](#) announced last Thursday that it will continue with remote learning through spring of 2021. In the [Bay Area](#), salons and gyms are opening at limited capacity, and Governor Newsom is reportedly getting closer to a decision on when and how to reopen [Disneyland](#).

Sources: Los Angeles Times, The New York Times, The Mercury News, C.A.R., The San Francisco Chronicle, The Orange County Register

Health Check-Up: COVID-19 life-threatening to people of all ages

A new study from Harvard University established that while originally thought to be dangerous only to older adults, "[COVID-19 is a life-threatening disease in people of all ages](#)." The senior author of the research letter emphasized that while the proportion of young people who become so sick they need intensive care remains low, some young people will become seriously ill — and Black and Latinx people are overrepresented among that group.

Dr. Anthony Fauci, director of the National Institute of Health and Infectious Disease, has said a future vaccine could be only about [50 percent effective](#). But, like with the influenza vaccine, patients who still contract COVID-19 after getting the vaccine may get a milder version. Meanwhile, the world's largest vaccine maker Serum Institute warned [it could take until 2024](#) to get a dose of the vaccine to everyone who needs one, particularly if two doses are required.

Since the start of the pandemic, [more Californians have reported experiencing mental health challenges](#) like anxiety and depression. According to a recent report from the CDC,

the [prevalence of anxiety disorder symptoms](#) have tripled this year nationwide. [Black and Latinx people](#), disproportionately affected by COVID-19, are more likely to report anxiety or sadness. Women are also significantly more likely to struggle with mental health than men.

Sources: The New York Times, NPR, CNN, Public Policy Institute of California, The San Francisco Chronicle, Quartz



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