Tuolumne County Association of
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Sonora, California 95370
Phone: 209.532.3432 Fax: 209.533.9418

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Government Affairs Update: June 2020
GAD Corner: Ron D. Kopf
RonDKopf@aol.com (209) 743-6193

All Things COVID
There has been a plethora of info related to COVID info over the last few months, so I have tried to provide as brief a summary as possible of the latest info and links for more info if desired.

June 23rd Coronavirus Testing Numbers for Tuolumne County
The Tuolumne County Public Health Department announces this morning that two more local residents have tested positive for coronavirus. The health department has begun a contact tracing investigation and more information will be forthcoming.

No details, such as ages of the two people, have been released. It is unclear if they are connected to earlier reported cases.

It brings the total number of positive tests to 14 in Tuolumne County.

Total tested* 2652, total negative 2640, total Tuolumne residents positive 14, hospitalized 0, in isolation 4, total recovered 8.

Active Coronavirus cases by county (as of 6/22/20 5:00 PM)**
Alpine – 0, Amador – 3, Calaveras – 13, Mariposa – 0, Madera – 142, Merced – 308, Mono – 4, San Joaquin – 903, Stanislaus – 421, Tuolumne – 4

LINKS TO MORE INFORMATION & RESOURCES
Community Resources Portal: https://bit.ly/TCcovidPortal
Tuolumne County Public Health Website: www.tuolumnecounty.ca.gov/publichealth
Public Health COVID-19 Call Center: (209) 533-7440
California COVID-19 website: www.covid19.ca.gov
State Testing Site info and Appointments: https://lhi.care/covidtesting
Tuolumne County Business: www.tcdisasterassistance.com
CDC COVID-19 website: https://www.cdc.gov/coronavirus/2019-ncov/index.html
Employment Development Department | California:
https://www.edd.ca.gov/About_EDD/Online_Services.htm

From the Tuolumne County Public Health Officer regarding new State opening guidance for additional sectors to open, expanding personal care services beginning today, June 19th. For questions regarding this order, please call: Tuolumne County Public Health: 209-533-7401 or email Health@tuolumnecounty.ca.gov .

https://www.tuolumnecounty.ca.gov/DocumentCenter/View/14663/signed-HO-order-6182020

Senator Andreas Borgeas - https://borgeas.cssrc.us/content/coronavirus-covid-19-resources?fbclid=IwAR3UVruI77J63UGEJyecxmJ3IZGryam8oLKiZ4NJedojRlYgDd2KycGbZnE

The state testing site at the Calaveras County fairgrounds Mark Twain Building operating hours are: Tuesday-Saturday 7 A.M. to 4 P.M. Individuals are encouraged to schedule appointments at: https://lhi.care/covidtesting Walk-ins are also accepted. Some screening questions may be asked, but they will not exclude you from getting a test. There is no cost to the individual. Individuals in the following groups should get tested:

- Those who have traveled outside of the county (test 3-5 days after travel)
- Those who interact with the public as part of their job and/or work in essential critical infrastructure jobs (every 14-28 days)
- Those who have interacted with people outside of their household, including constitutionally protected gatherings (3-5 days after exposure)

All Californians to wear face coverings
Gov. Gavin Newsom on Thursday ordered all Californians to wear face coverings while in public or high-risk settings, including when shopping, taking public transit or seeking medical care, following growing concerns that an increase in coronavirus cases has been caused by residents failing to voluntarily take that precaution. The governor's announcement, which carries the force of law and Californians who don't obey the new order could be charged with a misdemeanor and face a fine, among other penalties. It remains unclear how the governor plans to enforce the order, which is certain to be met with continued public resistance and polarization. A link for the new mandate that face coverings be worn state-wide in high-risk situations is at:. https://www.cdph.ca.gov/Programs/CID/DCDC/CDPH%20Document%20Library/COVID-19/Guidance-for-Face-Coverings_06-18-2020.pdf
Tuolumne County Supervisor Karl Rodefer has authored a new myMotherLode.com blog in response to Governor Gavin Newsom's new state directive mandating face coverings in public. Rodefer's blog is an open letter to the Governor, in which he argues that the Governor failed to take the same stance weeks earlier, when large protests were taking place across the state. You can find Rodefer's blog here. https://www.mymotherlode.com/community/blogs/rodefer-criticizes-face-coverings-mandate

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Last new Case of Coronavirus in Tuolumne County
On June 21st The Tuolumne County Public Health Department reports that 12 people have now tested positive for COVID-19. The latest announced today is a 64-year-old woman who is isolating at home. The public health department reports that she is not connected to other earlier cases.

Drive-Thru COVID-19 Testing at AHS Under Certain Conditions
Adventist Health Sonora (AHS) is offering new drive-up COVID-19 testing for patients under certain conditions. These include screening tests for patients scheduled for elective surgery who will be admitted to the hospital or for those referred by Tuolumne County Public Health. An appointment is needed and can be scheduled by calling 209-536-5166.

Those with coronavirus symptoms can go to the Indian Rock Rapid Care but upon their arrival must wait in their vehicle and call 209-536-6685 and then the test administered at the patient's vehicle. Testing is available Monday through Friday from 8 a.m. to 4 p.m. Hospital officials also direct those experiencing symptoms to contact their doctor and advise that if symptoms are severe, head to the emergency room or call 911.
Still in operation are the hospital's COVID-19 triage and advice line (209-536-5166) available weekdays from 9 a.m. to 5 p.m. and the online COVID-19 symptom checker and chat tool available 24/7 at www.AdventistHealthSonora.org.
For those without symptoms that just want to get tested there is the Calaveras County Fairgrounds off Highway 49 in Angels Camp with a free testing facility in the Mark Twain Building.

Adventist Health Sonora has also made available reusable cloth masks for the County of Tuolumne Innovation and Business Assistance Department to help disburse to Tuolumne County Businesses. Distribution will continue until stock is depleted and can be obtained by going to the following link: https://www.tcdisasterassistance.com/mask-request

NAR current federal priority issues related to the Coronavirus response.

Continued Funding/Extension of Small Business Loan Programs and Pandemic Unemployment Assistance
SECURE Remote Notarization H.R. 6364, S 3533, SECURE Act
Increased Mortgage Liquidity
Forbearance and Eviction assistance
Rental Assistance
Business Liability
Provide Tax Incentives for Homeownership for Those Who Lack Them

Expand Opportunity Zones
Eliminate the SALT Marriage Penalty (H.R. 2624 SALT Relief and Marriage Penalty Elimination Act of 2019)
Invest in Infrastructure
Support Financial Assistance to State and Local Governments

Sonora Area Foundation Community Recovery Fund
In response to the community impacts stemming from the coronavirus pandemic, the Sonora Area Foundation has established a fund to help aid in the recovery.
It is designed to be a repository for donations to help local groups impacted by COVID-19. Grants will be made to non-profit organizations, government entities and those providing charitable services to Tuolumne County residents impacted either directly by the pandemic or the related "stay at home" mandate.
100-percent of the money donated to the fund will be spent locally.
For information on grant applications, making a donation, or establishment of a donor fund, contact the Foundation at 209-533-2596 or through its website www.sonora-area.org.

Where are we with COVID and the economy? ***BY BEACON ECONOMICS***
The forecasts acknowledge the uncertainty that still surrounds the spread of the coronavirus itself and the possibility of additional spikes in new cases, leading once again to closures.
Despite that wildcard, the new forecast predicts the U.S. economy will reach close to pre-virus levels of production by the end of 2020 and unemployment will decline to the 5% range.

Small Counties Urge Release of Federal Funds to Meet COVID-19 Demands
County administrators/executive officers of all 42 of California's counties with populations less than 500,000 joined in one voice to urge Governor Newsom to release federal funding to address the unprecedented county demands of reducing and containing the spread of the coronavirus (COVID-19).
County governments carry the obligation of implementing directives from the State Department of Public Health, providing safety net services, conducting disease tracking and tracing, and providing other direct health-related services. Yet, California's counties with smaller populations have not received their allocation of federal CARES funding (cities under 500,000 are also impacted). Immediate allocation of these funds would provide urgent cash flow assistance to small counties struggling with the expenditures that specifically relate to the pandemic response. RCRC was helpful in ensuring all 42 counties signed on to the letter, available here; however, a note of appreciation is in order to the administrative offices in Santa Barbara County for crafting and managing the letter.

In conjunction with the effort made by county administrative officers, in a bipartisan letter to the Governor, members of the Legislature – led by Assembly Member Jim Wood (D-North Coast) - advocated for the distribution of these federal funds to counties and cities with populations under 500,000. Legislators urged that the expeditious distribution of the funds to smaller governments would provide them critical resources to continue meeting the demands of the moment.

County and City of Sonora Issues

Visit Tuolumne County Marketing Plan

Visit Tuolumne County has a really good marketing plan to attract people back to Tuolumne County that focuses on the wide-open spaces with a number of great pictures and tag lines. They are going to be providing a tool kit that will let people share the marketing in the near future.

Development and Permit Services Counter Hours of Operation

The Community Development Department, located on the fourth floor of the ANF Building at 48 Yaney in Sonora, is open for walk in customers, Monday thru Friday, from 9 AM-Noon and 1-3 PM. In addition to our counter operations, you can contact us at 209-533-5637 or send us an email at communityresources@tuolumnecounty.ca.gov . You can also use the Staff Directory for additional phone numbers and emails. Environmental Health and Building Division Inspections are on-going and will continue if social distancing can be maintained and applicants on site do not exhibit signs of illness. For environmental health emergencies, call 209-533-5665. For building emergencies, call 209-533-5637.

Burning Suspended in Tuolumne And Calaveras Counties

The suspension of burn permits for outdoor residential burning covers Tuolumne, Calaveras, eastern Stanislaus and eastern San Joaquin counties. CAL Fire cites a record-breaking dry February, winds, and recent warming temperatures, as the reasons for suspending burning.

Sonora Approves Temporary Bradford Street Closure

The Sonora City council, with a 4-1 vote, decided to allow the brewery to access Bradford Street, but only on Fridays from 6-9pm, and Saturdays and Sundays from 11am-9pm, over a two-week trial period. Councilmembers Jim Garaventa, Matt Hawkins, Connie Williams and Mark Plummer were in favor, and councilwoman Colette Such was opposed.

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Tuolumne County Debuts 'Healthy Pledge' COVID-19 Marketing Effort
Visit Tuolumne County (VTC) has launched a new program, called the "Tuolumne County Healthy Pledge," highlights the commitment by local businesses to provide a clean, safe, and healthy environment for residents and visitors as businesses and organizations begin to reopen under further loosened COVID-19 restrictions.
The voluntary program and awareness campaign, free for county businesses to participate in, is intended to affirm and showcase their commitment to clean and healthy standards for their guests and employees to prevent the spread of COVID-19. Its guidelines reinforce state and local health order protocol and directives. Businesses that decide to take part will be able to use and display a special logo icon indicating their vow to provide an environment and services that meet COVID-19 public health requirements. VTC Director Lisa Mayo notes that "We have been on several webinars and the number one key factor that continues to be at the top of the list is that people willing to go where they feel confident that they are going to be surrounded by health, and safety [precautions] and a clean environment…we really want residents and visitors to see how really hard our businesses are working to make that happen for them."

Sonora City Council Unanimously Approves New Budget
City of Sonora leaders approved a preliminary spending plan for the new budget year that will eliminate 3.5 full-time equivalent positions.
The new budget, taking effect on July 1st, includes around $7.1 million in General Fund expenditures, a decrease of around $642,000 from the current year's approved budget. Two of the eliminated positions are currently vacant, a Police Lieutenant, and an Equipment Mechanic. The other positions cut include the Special Programs Coordinator and a part-time office assistant.
The move brings the city's workforce to 44.65 full-time equivalent positions.
City Administrator Mary Rose Rutikanga stated there are still unknowns regarding how much additional state and federal funding may become available to help the city. She adds, "This is a conservative budget in hopes that by the time August comes around there will be more of a guarantee from the federal side and the state side about how the revenue backfill is going to play out."
The vote to approve the preliminary budget was 5-0, and the final budget must be approved by September.
Due to the COVID-19 crisis, the city's sales tax revenues are anticipated to drop by $220,000 from the current fiscal year down to $2.3-million. The Transient Occupancy Tax revenues are anticipated to drop by $76,000 (to $300,000). However, the property tax revenue is anticipated to be up by $3,600 (to $810,000).

Tuolumne County's Budget Hit Hard By COVID-19
Tuolumne County leaders had to deal with a sharp decline in sales and transient occupancy tax revenue that anticipated a $3.5-million shortfall of revenue and estimated that they needed to make $6-7-million in cost reductions next year. The reductions

included Furloughs, layoffs and cost reductions in many departments. The budget summary and budget can be viewed on the County website at:
https://www.tuolumnecounty.ca.gov/DocumentCenter/View/12875/CAO-Memo
https://www.tuolumnecounty.ca.gov/DocumentCenter/View/11392/Complete-Budget

Tuolumne County company builds machines that help produce coronavirus test kits

Kinematic Automation in Soulsbyville was hired to fast track the production of a machine that helped manufacture coronavirus testing kits that can reportedly produce results in less than three hours. Kinematic Automation was contacted by Hologic Inc., a longtime business partner, to fast track the production of a machine that manufactures the caps for the sample collection containers in the coronavirus test kits. The machine can produce 100,000 over a 24-hour shift.

Hologic Inc., a medical technology company based in Marlboro, Massachusetts, had gotten emergency approval from the United States Food and Drug Administration to move forward with production on the test kits. The kits can produce results in less than three hours, and it had plans to produce 600,000 of them a month starting in April.

TUD In Negotiations With PG&E About Water System Transfer

The Tuolumne Utilities District (TUD) and Pacific Gas and Electric Company (PG&E) have entered into exclusive negotiations to transfer the Phoenix Hydroelectric Project from PG&E to TUD ownership. Under the proposed agreement, TUD would acquire the Phoenix Powerhouse, the Main Tuolumne Canal, the pre- and post-1914 water rights, the Lyons Dam and Reservoir, and Strawberry Dam and the Pinecrest Reservoir.
"The need to acquire water rights and storage has been a topic of discussion in Tuolumne County for more than a century," said TUD General Manager Edwin R. Pattison. "We view this as a once-in-a-lifetime opportunity to secure a locally controlled water system to provide reliable, cost-effective water for future generations."
The Phoenix Project is located on the South Fork of the Stanislaus River and dates back to the Gold Rush. It generates 2.0 megawatts (MW). The project includes the Main Tuolumne Canal which was built in 1851 to support local mining and irrigation needs, and the Lyons Dam built in 1929. Strawberry Dam was constructed in 1916, creating Pinecrest Lake. These facilities are part of PG&E's Spring Gap-Stanislaus Project.
The Phoenix Powerhouse, first constructed in 1898, was rebuilt by PG&E in 1940. Under an existing agreement between the two parties, the Phoenix Project currently provides the majority of TUD's water supply via the Main Tuolumne Canal.
TUD website, www.tuocoourwater.com, provides additional information.

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Election Season is Gearing Back Up for November Elections
A recap of the Primary Voting results is as follows:
87% of registered voters cast their vote Results below certified March 3rd

Supervisor, District 1
- David Goldemberg (48%, 1,928 Votes)
- Sherri Brennan (38%, 1,515 Votes)
- Jim Garaventa (14%, 558 Votes)

Supervisor District 4
- Kathleen Haff (63%, 2,533 Votes)
- Dameion Renault (32%, 1,300 Votes)
- David M Badgley (5%, 217 Votes)

Supervisor District 5
- Jaron Brandon (49%, 2,038 Votes)
- Karl Rodefer (34%, 1,429 Votes)
- Mike Suess (17%, 688 Votes)

Judge Superior Court #2
- Laura Leslie Krieg (69%, 13,819 Votes)
- David Carl Beyersdorf (31%, 6,268 Votes)

Sonora City Council
- Ann Segerstrom (30%, 1,006 Votes)
- Matt Hawkins (26%, 845 Votes)
- Mark Plummer (23%, 750 Votes)
- Connie Williams (21%, 698 Votes)

Increase the Transient Occupancy Tax (TOT) from 10% to 12%
- No (54%, 11,269 Votes)
- Yes (46%, 9,744 Votes)

Increase the Sales Tax from 7.25% to 8.25%
- No (70%, 13,609 Votes)
- Yes (30%, 5,743 Votes)

City of Sonora - Measure O
- No (54%, 840 Votes)
- Yes (46%, 715 Votes)

State Assembly Member, District 5
- Frank Bigelow (100%, 94,368 Votes)
- Write-In (0%, 0 Votes)

US Rep. District 4
- Tom McClintock (R) (53%, 120,566 Votes)
- Brynne Kennedy (D) (38%, 86,832 Votes)
- Julianne Benzel (R) (4%, 9,471 Votes)
- Jamie Byers (R) (2%, 4,013 Votes)
- Robert Lawton (NP) (2%, 3,826 Votes)
- Jacob Thomas (R) (2%, 3,730 Votes)

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State Ballot Measure

Bonds to Fund Public Education Facilities

- No (54%, 3,605,684 Votes)
- Yes (46%, 3,030,356 Votes)

State of California Issues

The REALTOR® Action Fund (RAF) program

The REALTOR® Action Fund (RAF) program makes a HUGE difference in protecting YOU and your clients, by promoting home ownership and preventing legislation that threatens our industry, and so much more. At the start of COVID-19 the California Association of REALTORS® & the National Association of REALTORS® lobbied to make Real Estate an essential service and avoid a shutdown of our livelihood. They will play an integral role in helping get our business back to normal as we continue with the Covid-19 recovery. And of course, both C.A.R. & NAR continually lobby for Realtors, home ownership and private property rights because that's WHAT THEY DO!!

The REALTOR® Action Fund (RAF) program has a proven track record of protecting and promoting our profession however, the RAF cannot be effective if it does not have our continued financial support. Your support matters and T.C.A.R. is asking our REALTOR® members to make a $20 voluntary contribution to the REALTOR® Action Fund (RAF) today. Go to https://tcrealtors.org/tcar-membership/raf-haf-leg/realtor-action-fund/ to make your contribution.

If you have questions reach out to Ron, Shauna or Ashley.

TCAR office staff would be glad to help you make this contribution, send an email, call the office or use our LIVE Chat feature on our website.

Real Estate Market Updates

2019 ANNUAL BUILDING PERMIT SUMMARY REPORT

Data acquired from gathering monthly construction records directly from California building departments, adjusted the percentage to a 5.6% confirmed statewide decrease in annual permit activity.

Long-term investments *-Source: Gallup*

Real estate continues to rank at the top of the list of the best long-term investments for Americans, according to an annual poll from Gallup. About 35% of Americans said it was their favorite investment, which has been the case since 2013.

Meanwhile, Americans are less likely to view stocks or mutual funds as the best long-term investment, particularly after the COVID-19 pandemic. Twenty-one percent of

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Americans picked stocks as the best investment, down 6 percentage points from a year ago and at the lowest reading since Gallup started collecting such data in 2012.

Only about one in six Americans view savings accounts or CDs (17%) and gold (16%) as their favorite long-term investment.

Full impact of coronavirus pandemic hits California housing market in May - *Source: CALIFORNIA ASSOCIATION OF REALTORS®*
California home sales fell 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, the CALIFORNIA ASSOCIATION OF REALTORS® said this week.

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% from 277,440 in April and down 41.4% 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%.

"The sharp sales drop in May was the steepest we've seen in some time, but there are encouraging signs that show the market is recovering and should continue to improve over the next few months," said 2020 C.A.R. President Jeanne Radsick, a second-generation REALTOR® from Bakersfield, Calif. "With pending home sales up a stunning 67% in May, buyer demand is on the upswing amid record-low rates that are making monthly mortgage payments $300 less than a year ago."

Americans are eyeing homes in the suburbs -*Source: Market Watch*
A new study from Realtor.com found that Americans are showing a more pronounced interest suburban and rural areas as the housing market recovers from pandemic-induced shutdowns. Views of online home listings in May 2020 on Realtor.com grew by 13% compared to May 2019 for suburban ZIP codes, roughly double the rate of urban areas, researchers found.

Overall, suburban listing views in May 2020 exceeded those from a year ago. And while it's not rare for views of suburban listings to outpace views of urban ones, Realtor.com reported that the discrepancy was the second largest since it began tracking this data in 2016.
Mortgage demand spikes to 11-year high

Mortgage applications - *Source: CNBC*
Mortgage applications to purchase a home rose 4% last week from the previous week and were a remarkable 21% higher than one year ago, according to the Mortgage

Bankers Association's seasonally adjusted index. That was the ninth consecutive week of gains and the highest volume in more than 11 years.

Buyers were also fueled by a new record low mortgage rate. The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($510,400 or less) decreased to 3.30% from 3.38%, with points decreasing to 0.29 from 0.30 (including the origination fee) for loans with a 20% down payment.

Market Recovery

Early Indicators Show Recovery for Housing Market NAR's Weekly Housing Market Monitor tracks weekly activity in the housing market, including pending contracts, new listings, and home price. Last week's results show clear indications of a recovery. Highlights include: • New pending contracts in the past 4 weeks ended June 14 rose 6%: As states continue to re-open, the housing market continues to turn around rapidly compared to March and April, based on preliminary information from multiple listing services in the past four weeks ended June 14. • Month-to-date new pending contracts rose 2% from one year ago: New pending contracts during June 1-14 were up 2% nationally, a reversal from the 7% year-over-year decline during May 1-7 and a strong comeback from the 32% decline in April. • Month-to-date new listings declined at a slower pace except in the West region: New listings from June 1-14 were still down on a year-over-year basis in all regions. However, the pace of decline has slowed in all regions except in the West region. • Home sales prices typically rose nearly 5% as of June 14: Nationally, existing home sales prices are still broadly rising, but at a slower pace. Based on preliminary data, the national median existing home sales price during the past four weeks ended June 14 was 4.5% higher compared to one year ago, slightly lower than the 5% pace in the prior week and the 9% pace of appreciation in the week of April 26. A slower pace of appreciation makes home prices more affordable for buyers. • Home showings picked up in May 2020 based on Sentrilock® lockbox openings: According to data from SentriLock®, LLC, a lockbox company, home showings were still down by 20% in May 2020 on a year-over-year basis, but this is a slower rate of decline compared to the 50% year-over-year drop in home showings in April 2020.

California's economic recovery is among the slowest in the nation. Here's why

BY DAVID LIGHTMAN

California's economic challenges are greater than every state in the nation except New York, a new study by the Community and Labor Center at UC Merced found. "The economic problems in California are much deeper than most of the rest of the country," Edward Orozco Flores, faculty affiliate with the UC Merced Center, told McClatchy. A big reason for the state's somber outlook could be that it shut down sooner than most states and has been somewhat slower to reopen, said Flores, who co-wrote the report with Ana Padilla, the center's executive director.

Among the sectors leading the plunge, and slow to come out of the job downturn, are the arts and entertainment, construction and retail trade industries. Blacks, Asians, Latinos and non-citizen immigrants continue to be affected more by the job losses.
Whether the slow job recovery will persist is unknown, Flores said. During the Spanish flu epidemic of a century ago, research has suggested that states that were quickest to shut down were also the fastest to recover. "It's not a bad thing that California ordered residents to stay home during this pandemic," he said.
The downturn has triggered sharply declining government revenue, notably a $54 billion California state budget deficit that Gov. Gavin Newsom and the Legislature are trying to address. They want Washington to help, but as other states recover more quickly, that case is getting more difficult to make. The Senate has shown no sign of acting this month and will leave Washington July 2 and does not plan to return until July 20. Any new legislation, Senate Majority Leader Mitch McConnell said recently, "will be narrowly crafted, designed to help us where we are a month from now, not where we were three months ago."
The nation has shown small signs of inching back. The unemployment rate in May was 13.3%, down slightly from April but still at an historic high. Retail sales jumped 17.7% last month after falling sharply in April. California's unemployment rate in April was 15.5%, the latest monthly data available.
The state lost 16.4% of its jobs between February and April, about 3 million jobs, but in May added back about 78,000 jobs, or 0.4%.
Those percentages are worse than national averages. The country lost 15.5% of its jobs between February and April, and last month recovered 2.9%
Seven states have added a smaller percentage of their jobs during the coronavirus crisis recovery. As the economy has slowly begun to recover, so have most of those states.
Only New York, which has regained 0.3% of its jobs, trails California in its ability to bounce back so far.
California's jobs recovery has been "highly inconsistent," the researchers found.
The areas of arts, entertainment, recreation, accommodation and food services, construction, retail trade and "other services except public administration" accounted for 29.3% of the state's jobs in February, before the Covid-19 downturn.
Those sectors have accounted for 54.3% of the state's job losses through April.
And while the state economy did add 78,391 jobs between April and May, jobs kept declining in some of those vulnerable areas. While some industries and trades added 278,945 jobs, the others lost 200,554.
Job gains and losses were also felt unequally among different racial and gender groups.
Women lost 18.4% of their jobs between February and May. Men lost 13.9%.
White losses were 9.9%. Black losses were 17.8%; Latinos, 22.2% and Asians, 17.2%.
Non-citizens were hit particularly hard, losing 29.5% of jobs they had held.
A separate study by the California Policy Lab at UCLA, released last week, found California residents are slowly returning to work in health care, manufacturing, food

services and retail trade jobs, but lower-wage workers are often at risk of earning less than they did while receiving unemployment payments.

L.A. County ends controversial PACE home improvement loan program
Los Angeles County has ended its controversial PACE home improvement loan program, a decision that follows years of criticism that the county enabled predatory lending and put people at risk of losing their homes. County officials — who launched the PACE program in 2015 to fund energy- and water-efficient home improvements — said they made the decision after determining the program lacked adequate consumer protections. Homeowners repeatedly alleged the private home improvement contractors who signed them up for PACE misrepresented how the financing would work, saddling them with loans they could not understand or afford. The county also faced lawsuits alleging that government authorities failed to properly oversee the private lenders it partnered with to issue loans that, if unpaid, could lead to foreclosure.

Newsome and California Lawmakers Indicate a State Budget Deal
Governor Gavin Newsom says he has reached an agreement with legislative leaders on a 2020-21 budget. The state legislature passed a proposed new budget last week to close a 54-billion shortfall, but it failed to garner Newsom's support.
Regarding the revised budget Newsom states, "In the face of challenges, we have agreed on a budget that is balanced, responsible and protects core services – education, health care, social safety net and emergency preparedness and response. This budget also invests in California small businesses harmed by the pandemic."
Although few details have been provided, the spending plan calls for furlough days and reductions for various state employees. Higher education is also anticipating a 10-percent cut. It also cuts $4.4 billion in manufacturing tax breaks for businesses. Medi-Cal funding is expected to avoid cuts, and schools and community colleges would maintain current funding levels, but $12-billion would be deferred to future years, allowing districts to borrow against the money, with the state planning to pay them back later. The plan also relies on billions of dollars in federal funds from the US Congress, but it is currently unclear if that money will materialize. Expect more details are expected to be announced in the coming days ahead of a vote.

State Budget -RCRC Rural Rundown of the 2020-21 Interim State Budget Package

Overview The $142.9 billion state spending plan, of which $147.8 billion is General Fund, attempts to address the estimated $54 billion budget deficit promulgated by the novel coronavirus (COVID-19) pandemic. The State Budget Package also counts on $14 billion in as-yet unsecured federal funds and includes a number of trigger actions should those federal dollars not materialize. The Legislature's budget structure differs from the Governor's May Revision in that it assumes the federal funds up front then activates triggers based on a lack of federal funds. The Governor, on the other hand, proposed reductions to programs up front, then restoring those programs if the federal funds are made available. Should the federal dollars become a reality, the State Budget Package will end the year with total reserves of $11 billion. If the state is unable to secure all or a portion of the $14 billion in federal funds, the state will undertake a number of trigger actions to backfill the deficit.

On Monday, June 15, 2020, both houses of the Legislature approved the main 2020-21 State Budget and two budget trailer bills that assist in implementing the 2020-21 State Budget Package. RCRC's governmental affairs team reviewed the 2020-21 State Budget Package, and developed The Rural Rundown, a summary of the initial 2020-21 State Budget Package, its implications for member counties, details of RCRC's advocacy efforts on specific issue items and an insider perspective into the reasoning and rationale behind elements of the Package.

Key Issues/Changes for RCRC Member Counties:

- Continues to provide $644,000 for the State's Payment in Lieu of Taxes (PILT) Program for 2020-21;
- Provides for the release of federal Coronavirus Aid, Relief, and Economic Security (CARES) Act monies to counties and cities;
- Delays action on Cap-and-Trade revenues for various greenhouse gas reduction programs, including SB 901 forest health and wildfire prevention activities and the FARMER Program;
- Fails to provide a $3.6 million increase, along with an additional 10 percent reduction, from the current baseline for the University of California, Division of Agriculture and Natural Resources;
- Defers to a later discussion a $1 billion backfill to Realignment programs to account for the loss of sales tax monies that support the Realignment structure; and,
- Provides $50 million to the California Office of Emergency Services for community power resiliency projects to help local governments, special districts, and fairgrounds undertake actions to mitigate the impacts of future public safety power shutoff (PSPS) events, and provides increased funding for the California Public Utilities Commission to review utility Wildfire Mitigation Plans and PSPS reports.

It should be noted that the State Budget Package remains incomplete – the vast majority of the budget trailer bills still await action, including measures pertaining to criminal justice and corrections, resources, housing and homelessness, broadband, reform of the Department of Toxic Substances Control, and expenditures from the state's Cap-and-Trade auction proceeds, along with a supplemental budget bill to address outstanding issues with the current fiscal year which ends on June 30th. Over the next several days and weeks, it is expected these remaining issues will be considered and adopted. It should be noted that the Legislature and the Governor do not have an agreement on the

State Budget Package, which leaves some uncertainty as to the Governor's position on the proposed spending plan.

The full Rural Rundown can be accessed at:

https://www.rcrcnet.org/sites/default/files/useruploads/Documents/Resources/RCRCAnalysis_2020_21_StateBudgetPackage_v1.pdf

Newsom, Legislature Budget builds new wall of debt

Newsom pegs the multi-year deficit at $54 billion and his budget proposes to bite the bullet and make steep spending cuts that would be rescinded if the federal government provides a big state and local government relief appropriation. The Legislature's budget would maintain spending more or less at pre-recession levels and make cuts later only if federal aid doesn't materialize.

What no one is talking about, at least publicly, is that both Newsom and the Legislature want to run up many billions of dollars in new debt. They want to raid state special funds for "loans" that would have to be repaid later, make "deferrals" in state aid to schools that would have to be repaid later, and impose temporary ceilings on corporate tax breaks that businesses could recoup later.

The new wall of debt would be at least $20 billion over several years, the biggest chunk of it in deferrals of constitutionally required aid to K-12 schools and community colleges. Newsom's revised education budget would defer "approximately $13 billion" in this fiscal year and next with the promise to repay it slowly beginning in 2021-22 and in doing so, raise the schools' share of state revenues. The Legislature takes a different approach but still counts on education deferrals to balance its budget on paper.

The caps on business tax breaks would, both budgets assume, generate $9 billion over two years, but corporations could accumulate unclaimed deductions and take them after the caps are lifted. So, in reality, they are loans that would have to be repaid.

Budget documents detail dozens of raids on special funds that would have to be repaid, ranging from under $1 million to $300 million from the Public Utilities Commission's program that provides discounts on telephone service for low-income Californians and $551 million from the Underground Storage Tank Cleanup Fund.

The biggest single raid, however, is on something close to home for politicians — replacement of the state Capitol's west wing, which houses the governor's and lieutenant governor's suites, legislators' offices and hearing rooms. The nearly 70-year-old annex has been deemed to be antiquated and money had been set aside for a $755 million replacement.

Newsom's budget would grab $734 million of that special fund and, instead, finance construction with "lease-revenue bonds," a sneaky device the state uses to run up debt while evading the state constitution's requirement that any debt of more than $300,000 have voter approval.

It's fitting, in a sense, that the new wall of debt would include a loan to build fancy new offices for the Capitol's politicians.

Tuolumne County Association of
REALTORS®
"The Voice of Real Estate for Tuolumne County"
14195 Tuolumne Road
Sonora, California 95370
Phone: 209.532.3432 Fax: 209.533.9418

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CPUC Approves PG&E's Chapter 11 Reorganization Plan

The California Public Utilities Commission (CPUC) unanimously approved the reorganization plan of PG&E as part of its Chapter 11 Bankruptcy proceeding, which included refinancing debt and other safety and governance-related changes. These provisions were incorporated so that PG&E can access AB 1054 wildfire financing for liabilities that arise after July 12, 2019.

The CPUC determined PG&E's plan is ratepayer neutral. Specifically, PG&E's Reorganization Plan provides:

- $13.5 billion (cash and common stock) for payment of individual and other wildfire claims
- $11 billion (cash) to satisfy insurance subrogation claims
- $9.575 billion in existing debt claims reinstated
- $11.85 billion in existing debt refinanced with newly issued debt
- Securitization of up to $7.5 billion of future revenues to pay wildfire claims;
- Payment in full of general unsecured claims and other liabilities and employee-related claims
- Assumption of all power purchase agreements and community choice aggregation agreements
- Assumption of all pension obligations and collective bargaining agreements with labor
- Suspension of issuance of a common dividend for three years, which will contribute $4 billion to pay down debt and invest in the business
- Using interest rate savings from refinancing pre-petition debt for the benefit of ratepayers

The CPUC established enhanced oversight and enforcement of PG&E's safety performance, including a change in the management structure of PG&E and Board of Directors compensation structure. As part of that revised governance structure, PG&E will return to a regional governance model that is more responsive to local needs. CPUC's decision paves the way for 1) wildfire victims to receive compensation for their losses per their settlement agreement, and 2) PG&E to participate in the Wildfire Insurance Fund to pay future eligible claims to wildfire victim if the wildfire was caused by utility infrastructure.

The full decision of the CPUC can be found here.
https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M338/K382/338382613.PDF

CPUC Adopts Additional Guidelines for Utilities in Advance of Wildfire Season

As wildfire season looms and Public Safety Power Shut-offs (PSPS) are likely, on Thursday the California Public Utilities Commission (CPUC) adopted additional and modified measures on how utilities are to conduct PSPS events going forward. Given the unacceptable execution of the broad-based de-energization events in 2019, including the lack of coordination with local governments, these new and improved requirements are designed to facilitate more localized planning and communication and to minimize the harms associated with PSPS events, especially on vulnerable populations.

Among the new requirements are:

- Ensuring utilities better address community needs, such as convening quarterly regional working groups and advisory boards, as well as conducting tabletop exercises to better execute PSPS events; and
- Minimizing the scope, duration, and impact of PSPS events by ensuring critical infrastructure remains operational (such as back-up generation), that electric service is restored within 24 hours of a weather all-clear, and to finalize Community Resource Center plans in consultation with local communities to ensure the needs of impacted customer are met.

The full report can be viewed at:
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M333/K014/333014736.PDF

California Housing Legislation
Lawmakers are pushing a revised housing plan that would end single-family-only zoning, instead encouraging duplexes, four-plexes, and converting retail spaces to residential ones.
Atkins and Senate Democratic leaders have unveiled a suite of compromise legislation aimed at making it easier to build more housing. While no individual bill is as sweeping as SB 50, developers and housing experts say collectively the six proposals could make a meaningful dent in California's housing shortage should they become law.
Here's what you need to know about California lawmakers' latest plans to create more housing, and how COVID-19 has changed them.

<u>The house next door could be a duplex soon</u>
Atkins' suite of bills retains one of the more controversial provisions of Senate Bill 50, the "upzoning" proposal from Sen. Scott Wiener, Democrat from San Francisco: the elimination of single-family-only zoning throughout California.
Wide swaths of cities around the state currently prohibit any type of housing more dense than a single-family home. A new jointly-authored bill from Atkins and Wiener would force cities to allow homeowners and developers to convert single family homes into duplexes or even fourplexes, if the property is big enough. Those conversions would not have to be reviewed for environmental impacts by local governments, an often lengthy and expensive process.

14195 Tuolumne Road
Sonora, California 95370
Phone: 209.532.3432 Fax: 209.533.9418

What the pandemic took off the table

Eliminating single-family-only zoning has a new allure for lawmakers in a post-coronavirus world: It doesn't cost the state any money.

Conspicuously absent from Senate Democrats' housing package is any proposal that would devote new state dollars to building low-income housing or allow cities to beef up infrastructure to accommodate it. Confronting a recession-induced budget deficit the Newsom administration has pegged at $54 billion, Atkins said proposals that might have been possible in January simply aren't feasible right now.

Instead, Atkins' package tries to incentivize market-rate developers to include more low-income units in their projects. A bill from Sen. Nancy Skinner, Democrat from Berkeley, would enhance an existing state "density bonus program" that allows developers to build taller and denser if they charge below market-rates for some of their units.

Some of the precious dollars cities and low-income housing advocates are seeking have instead found their way into another part of Atkins' housing proposal: a $300 million to $500 million annual plan to help renters and landlords impacted by coronavirus. Included in this package of housing bills, the program would give renters 10 years to pay back rent bills missed because of COVID-19 directly to the state. Landlords would be compensated with tax credits they could sell on secondary markets for cash.

A proposal that would have eliminated the mortgage interest deductions on vacation homes to fund homeless housing died earlier this week. Two remaining high-profile bills that would spend billions annually on low-income housing have not identified a new revenue source, meaning cuts would have to come from elsewhere in the budget to offset their cost.

A pandemic opportunity? Converting retail real estate to housing

The economic downturn caused by the novel coronavirus could contain a silver lining for California: When that big box retailer or shopping mall goes out of business, all that real estate could be converted to new housing.

While homebuilders may be bullish on converting retail to housing, they are less enthusiastic about incentivizing construction in denser, urban environments near public transit.

A bill from Sen. Wiener included in the Senate housing package would give cities the option to speedily approve smaller-scale housing developments in transit-rich areas and urban infill sites.

Although outbreaks of novel coronavirus have been more associated with overcrowded housing than density, Dunmoyer says that the pandemic could be reshaping where

Will these bills actually become law?

14195 Tuolumne Road
Sonora, California 95370
Phone: 209.532.3432 Fax: 209.533.9418

Key to any housing bills moving forward in the state Legislature is the support of the State Building and Construction Trades Council, the construction workers' union that donates heavily to state Democratic lawmakers.

So, what makes this time different?
While still controversial, none of the individual proposals in this housing package are as aggressive as SB 50. That allowed Atkins to build support for the package from a variety of lawmakers, including those who opposed Wiener's previous measures.

AB 1905 (Chiu)
AB 1905 (Chiu), the bill C.A.R. has been opposing that would have abolished the mortgage interest deduction for second homes and capped it on primary residences was scheduled for a vote on May 20th, in the Assembly Housing Committee. At the last minute, the bill's author chose not to pursue the bill further and pulled the bill from the committee agenda. This was the only opportunity for the bill to be voted on, so it's effectively "dead" for this year.
Over 70 local Realtor associations were listed as opposing the bill on the committee analysis. That's a tremendous response, given the short time frame.

Paycheck Protection Program Flexibility Act,
On May 28th the House of Representatives passed the "Paycheck Protection Program Flexibility Act," which makes several amendments to the CARES Act to make PPP loans more helpful to small businesses by increasing flexibility. The changes include:

- Extending the program sunset to December 31, 2020;
- Extending the length of time businesses can use the loans from 8 to 24 weeks, or until the end of the year (whichever is earlier) (note: businesses that have used it in 8 will not be penalized);
- Removal of the requirement that 75% of the loan go toward payroll costs;
- Makes PPP recipient businesses eligible for the delayed payment of employer payroll taxes in the CARES Act; and

Creates an exception to the rehire requirement for employees that were let go due to COVID-19 if a business can show that they are unable to return to normal operations due to compliance with federal government rules or guidelines based on maintaining sanitation, social distancing, or worker/customer safety requirements related to COVID-19.