

Economic Update/COVID-19 Impact:

TREASURER-TAX COLLECTOR

Inland Valleys
Association of REALTORS

Wednesday May 5, 2021



RIVERSIDE COUNTY TREASURER-TAX COLLECTOR
MATTHEW JENNINGS



OUR OBJECTIVES

“The sound investment of public funds, fair, efficient tax collection and exceptional public service.”

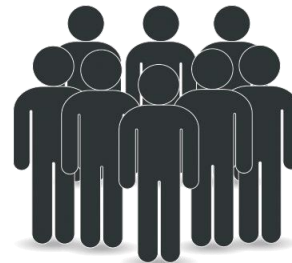
TREASURER-TAX COLLECTOR OPERATIONS AND OBJECTIVES



Each year we mail over 1 million secured, unsecured, supplemental, and delinquent property tax bills. We then collect over \$4 billion on an annual basis from those mailings.



The Treasurer is responsible for the banking needs of the County and invests the funds of our depositors.



110 Employees

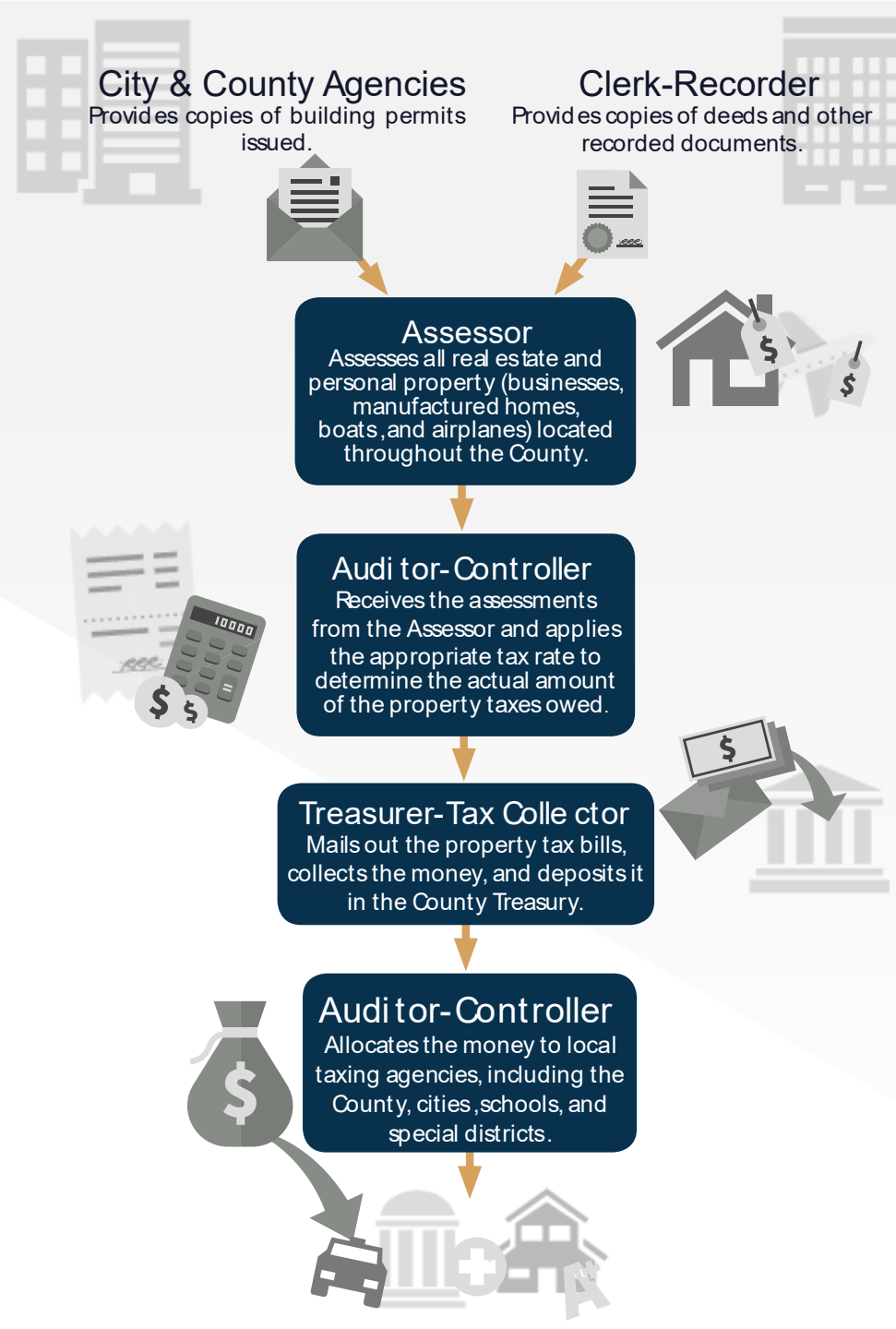
Riverside (1st Floor)

Riverside (4th Floor)

Palm Desert

Temecula

PROPERTY TAX WORKFLOW



TREASURER'S POOLED INVESTMENT FUND

RATED: AAA-MR1 by MOODY'S INVESTOR'S SERVICE and AAf/S1 BY FITCH RATINGS



- Comprised of the County's General Fund and departmental deposits, all 23 school districts, 3 community college districts, special districts, and other discretionary depositors
- TPIF's balance currently at \$10.1 billion
 - Ranging from a low of \$5 billion in October 2014 to a high of \$10.3 billion in April 2021
- \$17.5 billion in annual receipts and disbursements
- Over 74% is invested in U.S. Treasuries and Agencies
- 70%+ of the portfolio matures in less than a year (10% overnight)
- <https://www.countytreasurer.org/Treasurer/TreasuresPooledInvestmentFund/MonthlyReports.aspx>



ECONOMIC SHOCK FOLLOWED BY FISCAL AND MONETARY SUPPORT



United States' GDP contracted 3.5% in 2020, its first annual contraction since 2009 following the financial crisis of 2007–2008.

- The level of this contraction marked the year 2020 as the country's worst economic performer since 1946.
- Recession caused \$2 trillion in output cut (by 2Q) followed by 3Q \$1.2 trillion growth (33.1% QoQ GDP)
- Current QoQ GDP rate is 6.4%, some project a 7% rate for 2021

The country lost 20.6 million jobs by mid-March, resulting in an unemployment rate of 14.7%, a level not seen since the Great Depression in the 1930s.

- Great Recession (2007-2009), 8.7 million lost jobs.
- Current unemployment rate is 6.0%

Historic Monetary and Fiscal support

- **\$5.3 trillion in fiscal stimulus** has been enacted to combat the coronavirus pandemic. An additional \$4 trillion is currently being discussed
- The Federal Reserve balance sheet increased to \$7.8 trillion, \$3 trillion increase over the prior 12 months.

LEGISLATION ENACTED TO COMBAT THE CORONAVIRUS PANDEMIC



	Cost of COVID-19 Relief Provided So Far (Coronavirus Preparedness and Response Supplemental Appropriations Act, Families First Coronavirus Response Act, CARES Act, PPP and Healthcare Enhancement Act, and Consolidated Appropriations Act of 2021)	Cost of American Rescue Plan	Total Cost of COVID-19 Relief
Support for Small Businesses	\$909 Billion	\$59 Billion	\$968 Billion
Economic Stimulus Payments	\$456 Billion	\$411 Billion	\$856 Billion
Expanded Unemployment Compensation	\$561 Billion	\$203 Billion	\$764 Billion
Public Health and Related Spending	\$483 Billion	\$174 Billion	\$657 Billion
Tax Incentives	\$390 Billion	\$176 Billion	\$566 Billion
Direct Aid to Governments	\$150 Billion	\$362 Billion	\$512 Billion
Educational Support	\$112 Billion	\$170 Billion	\$282 Billion
Other	\$418 Billion	\$301 Billion	\$730 Billion
Total Cost →	\$3,479 Billion	\$1,859 Billion	\$5,335 Billion



GOVERNMENT RESPONSE AND THE EFFECTS ON REAL ESTATE

- Federal Stimulus and Historic Monetary Support
- Eviction and Foreclosure Moratoriums
- Fed action to maintain a Low Fed Funds Rate



Interest rates remain low

- Low Mortgage rates have helped to keep the Real Estate market in Riverside county strong
- Construction industry added 51,000 Jobs
- New Housing Starts are up 5.8%, but still below pre-Great Recession levels
- Demand continues to outpace supply
- Median House price in Riverside is up 15.9% year over year

INLAND EMPIRE ECONOMIC HEADLINES



HOUSING MARKET

The Inland Empire had the nation's fourth hottest housing market in February when ranked against the 25 largest metropolitan areas. Los Angeles and Orange counties ranked a middle-of-the-road No. 13.



NEW INDUSTRIAL CONSTRUCTION

The Inland Empire industrial market is leading the nation with over 25M square feet under construction and a vacancy rate of around 2%



INDUSTRIAL GROWTH

Over 100M square feet of industrial space has been constructed in the past 5 years



UNEMPLOYMENT RATE

The Inland Empire unemployment rate stood at 9.2% in November compared to 4% at the beginning of the pandemic. According to the [UCR Economic Forecasting Center](#), 44% of the jobs that have not recovered are in the Leisure & Hospitality Sector which will likely improve significantly once the vaccine is widely distributed.



POPULATION GROWTH

Population growth continues to trend at about 1.15% which results in an additional 50,000 people per year living in the Inland Empire.

- Riverside County added 22,740 residents in 2019 (Ranked #1 in state)
- San Bernardino County added 18,710 residents (Ranked #2 in state)

EFFECT ON INVESTMENTS



Drastic Federal Reserve action reduced the Fed Funds rates **down 1.50%**.

- From the range 1.50% - 1.75% (Jan 29, 2020) to 0.0% - 0.25%(since March 15, 2020)

This year the yield curve became steeper with the short end of the yield curve moving to near zero, while the longer rates moved higher.

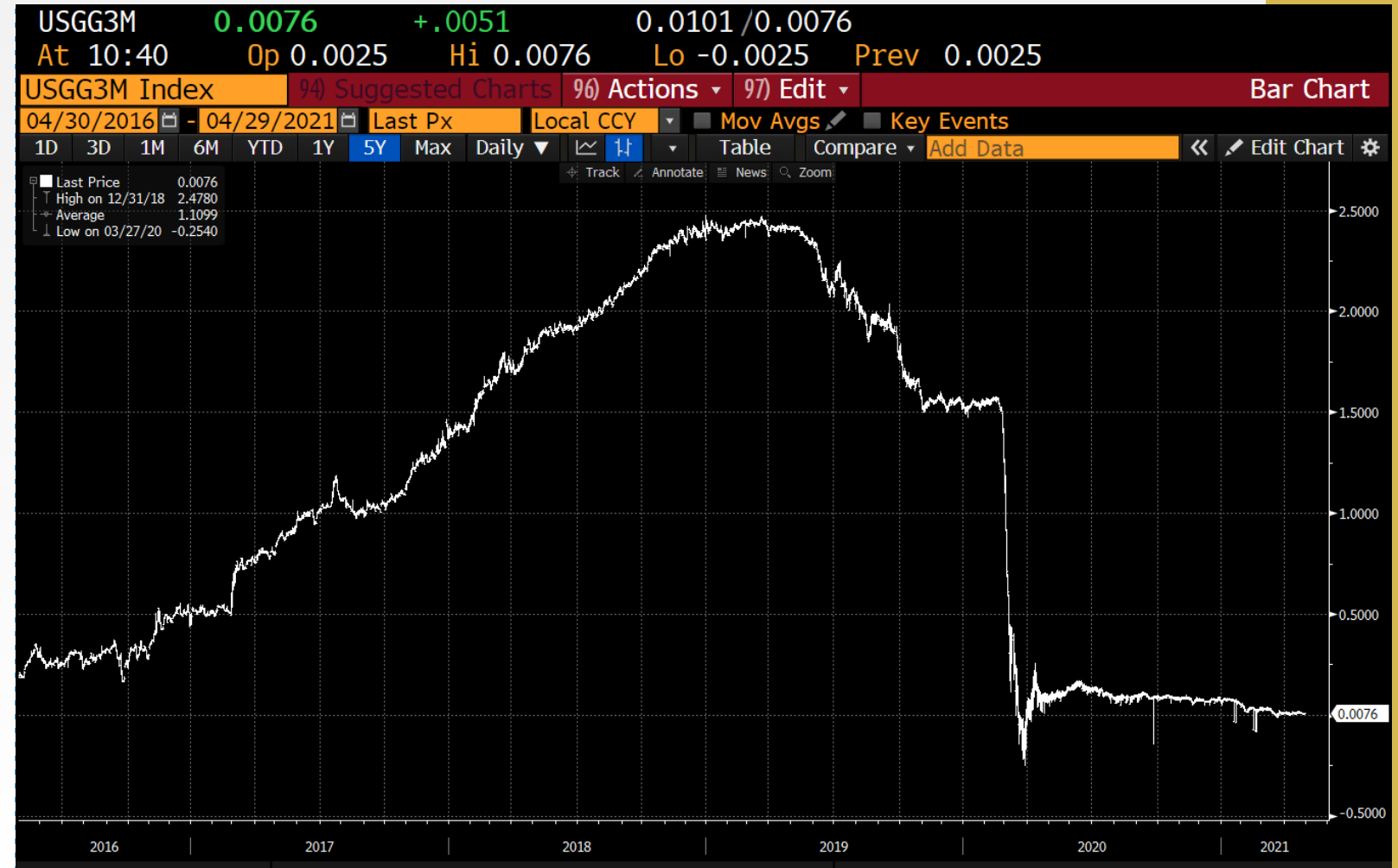
- The 10-year moved up from near zero to 1.6%.
- One indicator of curve steepening is inflation.
- Despite inflationary pressures, Fed Policy to keep Fed Funds rate near zero remains unchanged.



DRAMATIC EFFECT ON 3-MONTH TREASURY BILL RATE



- 3-Month T-Bill dropped from **1.55%** in February 2020 to the current rate of **0.0025%**
- Drop remained consistent for 12-month period from April 2020 through April 2021
- The effect on the TPIF's YTM is that it now sits at approximately 0.29%. Down from 1.8% prior to the pandemic



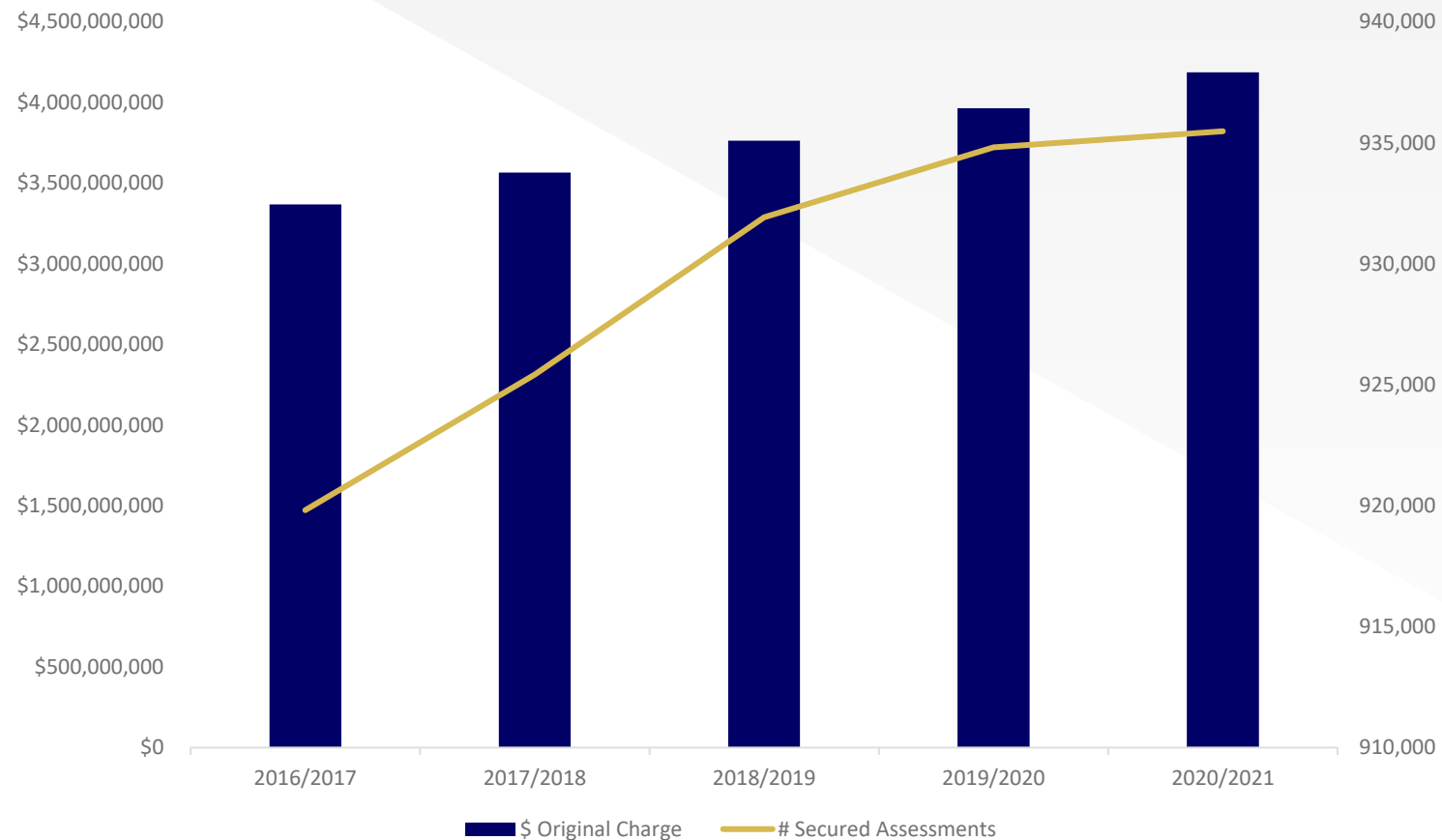
ANNUAL SECURED PROPERTY TAX BILLINGS



2020/2021:

\$4,185,759,917 Total Billed

935,470 Secured Assessments



DELINQUENCY RATES IN THE TIME OF COVID



Percentage of Tax Roll UNPAID as of 5/1

2018/2019	4.44%
2019/2020	3.61%
2020/2021	3.30%

2021 COLLECTION RATES IN LINE WITH
PRIOR YEARS



FEBRUARY 2021

CALIFORNIA HOUSING SENTIMENT INDEX



Is it a good time to
buy a home?

28% 72%



Is it a good time to
sell a home?

60% 40%



Will it be easier to find
a home over the next
12 months?

32% 68%



Do you plan to
purchase a home in
the next 12 months?

6% 94%

Yes

No

FEBRUARY 2021

CALIFORNIA HOUSING SENTIMENT INDEX



Will home prices rise
in the next 12 months?

55%

45%



Will overall economic
conditions improve in California
in the next 12 months?

40%

60%



Will interest rates fall
in the next 12 months?

38%

62%

Yes

No



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