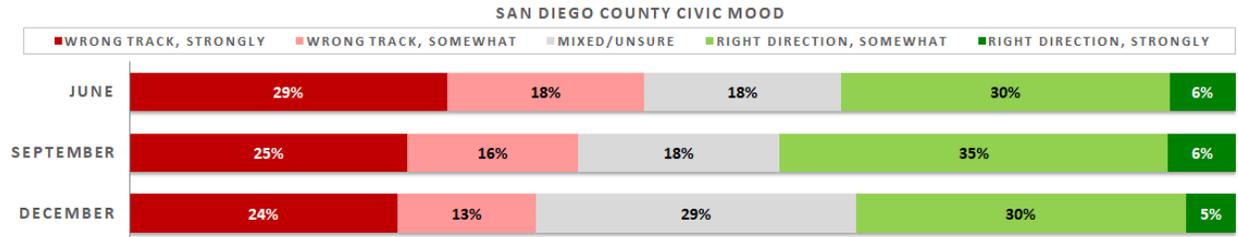


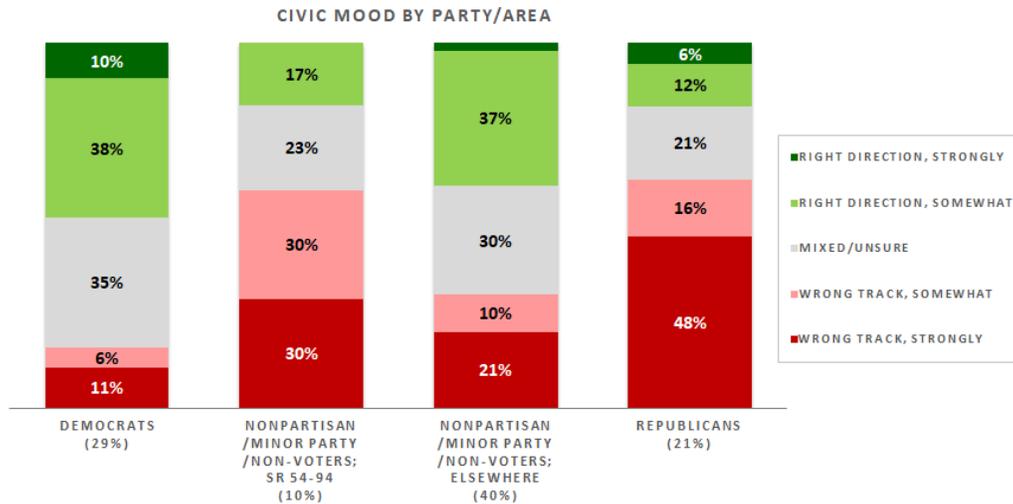
With No End in Sight to Spiraling Costs, Paying for Everyday Items Causes Widespread Angst

Little Faith that Inflation Reduction Act will Work

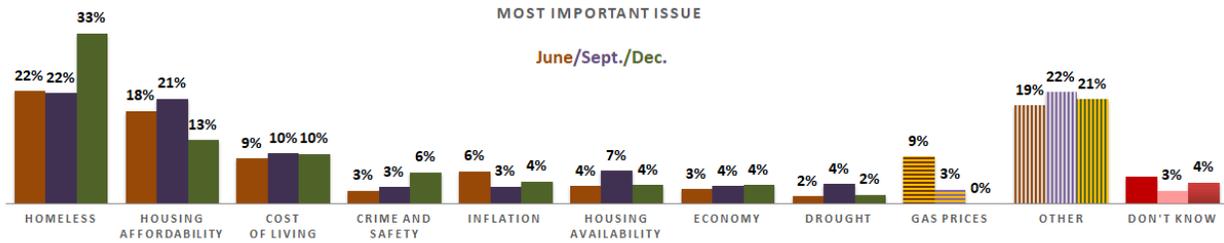
A month after the midterm election, San Diegans views on the county’s direction continue to be very mixed. Thirty-five percent of residents believe things are going well – though very few *strongly* feel that way – while that’s balanced by 37% who say the county is on the wrong track. Although the ratio of “right direction” to “wrong track” folks was similar in September, there has been a sizeable uptick in the number of residents describing things as “mixed.” San Diegans have adopted a tentative outlook.



Civic mood continues to be driven by politics. Democrats are not over the moon, but, after avoiding the anticipated “red wave,” they remain the region’s most upbeat group. Republicans remain deeply upset. For those in the middle – be it nonpartisans, minor party voters, or non-voters – residents in Spring Valley, Encanto, National City and the like are more agitated than their counterparts elsewhere. A niche problem likely impacts the south county area between State Routes 54 and 94 among non-Democrats.



Residents’ top concerns remain unchanged. Homelessness easily continues to be the #1 gripe, outpacing all others by double digits. The share identifying it as the biggest issue rose significantly from 22% in September to 33% today. That’s a huge percentage for a question in which responses were volunteered. It’s also very telling that homelessness outperforms economic concerns during a period of ongoing inflation and high housing prices. Homelessness concerns are surging among various groups. AAPI and multi-race residents posted double-digit increases, 18-to-34-year-olds have gone from 18% in September to 45% today, and residents between the I-8 and SR-52 freeways went from 18% in



September to 42% today. Currently, it is a bigger issue for those living in Allied Gardens, Tierrasanta, La Mesa and the SDSU area, as well as in unincorporated areas where more than four-in-ten mention it.

Housing affordability remains the second-most important issue, but it is not quite as hot. The shares highlighting affordability dropped significantly from 21% in September to 13% today, possibly due – at least in part – to a halt in rising rents. This decrease is also largely due to Sorrento Valley/Miramar/Carmel Mountain and east Chula Vista residents placing much less emphasis on the issue. Today, San Diegans residing north of SR-78 are twice as sensitive to housing costs as are others.

The cost of living is the main focus of 10% of residents. This is another especially hot issue in the communities north of SR-78, where 23% put it at the top of their list.

Concerns about crime and safety have increased a bit – from 3% in September to 6% today. The issue causes more anxiety for Latino residents than it does for others, as 16% say it's the most important issue facing San Diegans.



Inflation worries are similar to what they were in September. They're bigger in the east suburban neighborhoods, as well as for those north of SR-78. One-in-ten residents deem inflation to be most important in these areas. The economy and jobs are tops for 4% and another prominent issue in the east suburbs, where 15% mention it. Just 3% identify housing availability, down from 7% three months ago. However, at 8%, Asian and Pacific Islander residents (AAPI) continue to emphasize this issue more frequently than others. Concerns about gas prices – which registered at 9% in June – have completely fallen off the radar while health issues have resurfaced as we enter the thick of cold and flu season.

A Closer Look at San Diego's Communities of Color

- ✓ **Opinions of the County's direction among the AAPI, Black, and Latino communities are comparable to those of Whites**
- ✓ **All ethnic communities regard homelessness as a top issue**
- ✓ **AAPI residents emphasize housing availability more often**
- ✓ **African Americans are more apt to see the cost of living as the most important issue**
- ✓ **Crime is more top-of-mind for Latinos, while housing availability is less so**

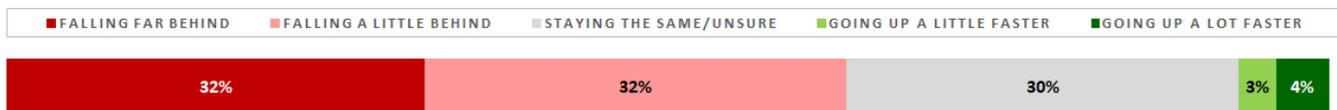
		White	Latino	Black	Asian	All
Civic Mood	Wrong track, strongly	23%	18%	23%	21%	24%
	Wrong track, somewhat	15%	10%	8%	8%	13%
	Mixed/Unsure	29%	38%	39%	40%	29%
	Right direction, somewhat	29%	29%	23%	30%	30%
	Right direction, strongly	4%	5%	7%	2%	4%

		White	Latino	Black	Asian	All
Most Important Issue	Homelessness	33%	34%	24%	45%	34%
	Housing cost	11%	8%	22%	8%	12%
	Cost of living	7%	5%	20%	12%	10%
	Crime/Drugs/Safety	7%	16%	3%	5%	6%
	Inflation	5%	5%	3%	3%	4%
	Economy/Jobs	5%	9%	0%	2%	4%
	Housing availability	3%	1%	10%	8%	3%
	Traffic/Transportation	3%	4%	0%	2%	2%
	Health issues	2%	0%	2%	0%	2%
	Political leadership	3%	2%	0%	0%	2%
	Infrastructure/Road repair	2%	0%	4%	4%	2%
	Water shortage	1%	1%	0%	0%	2%
	Overtaxation	2%	1%	0%	0%	1%
	Government overreach	1%	0%	2%	0%	1%
	Climate change	2%	0%	0%	2%	1%
	Illegal immigration	2%	1%	0%	0%	1%
	Growth/Development	1%	1%	1%	1%	1%
	Utility costs	1%	0%	0%	0%	1%
	Other	5%	5%	6%	6%	5%
	Nothing/Unsure	6%	8%	1%	3%	4%

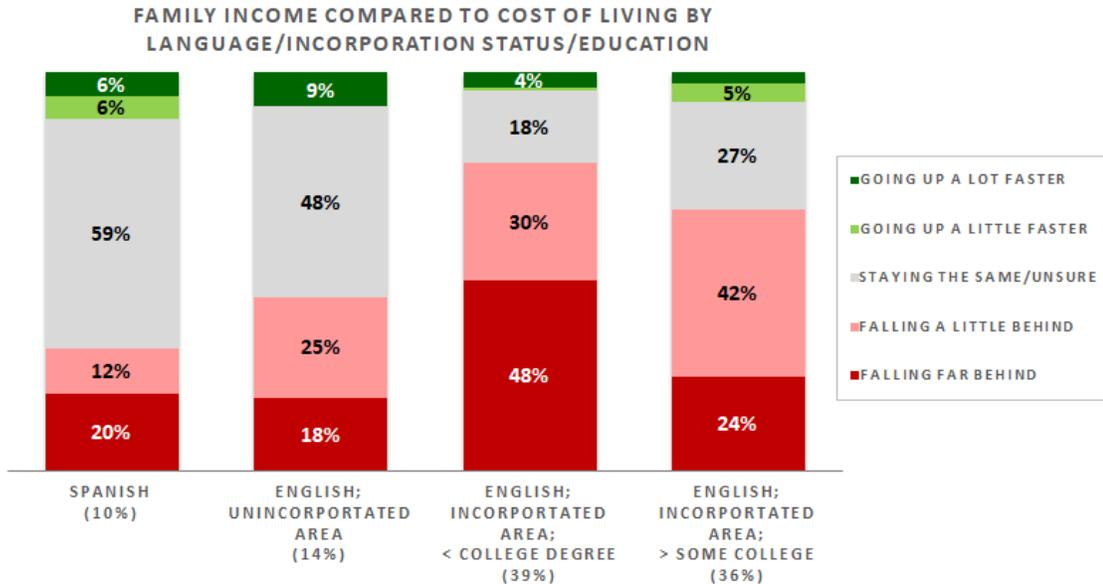
Keeping Up with the Cost of Living

San Diego is currently the 17th (out of a list of 170 cities) most expensive city in the world to live in according to the Economist Intelligence Unit's 2022 Worldwide Cost of Living (WCOL) survey. And the cost of living in America's Finest City is rising shockingly fast: it climbed 33 slots on the list in the past year after ranking 50th in 2021. County residents feel this financial squeeze: 64% of San Diegans say their family's income is falling behind the cost of living, with 32% saying it's falling *far* behind. Twenty-eight percent believe their income is staying about even with the cost of living, while a paltry 7% report their income is going up faster than their living expenses.

FAMILY INCOME COMPARED TO COST OF LIVING



Urban residents who took our survey in English (rather than Spanish) are falling behind more often and this sense of dread is heaviest among those without a college degree. A massive 77% of less educated urban English-speakers claim they're not keeping pace with the cost of living. Even most urban English-speakers *with* a college or advanced degree are feeling the pain, but residents with less formal education are twice as likely to report falling *far* behind. Conversely, most residents taking our survey in Spanish, as well as those completing it in English who live in unincorporated areas, say their income is not falling behind the cost of living.



A Closer Look at San Diego's Communities of Color

- ✓ More Black households are falling far behind the cost of living
- ✓ AAPI households are doing better at keeping pace with rising costs
- ✓ Latino residents report no differences

		White	Latino	Black	Asian	All
Family income compared to cost of living	Falling far behind	30%	31%	50%	24%	32%
	Falling a little behind	30%	27%	21%	34%	32%
	Staying the same/Unsure	34%	35%	19%	37%	30%
	Going up a little faster	2%	4%	6%	2%	3%
	Going up a lot faster	4%	2%	3%	3%	4%

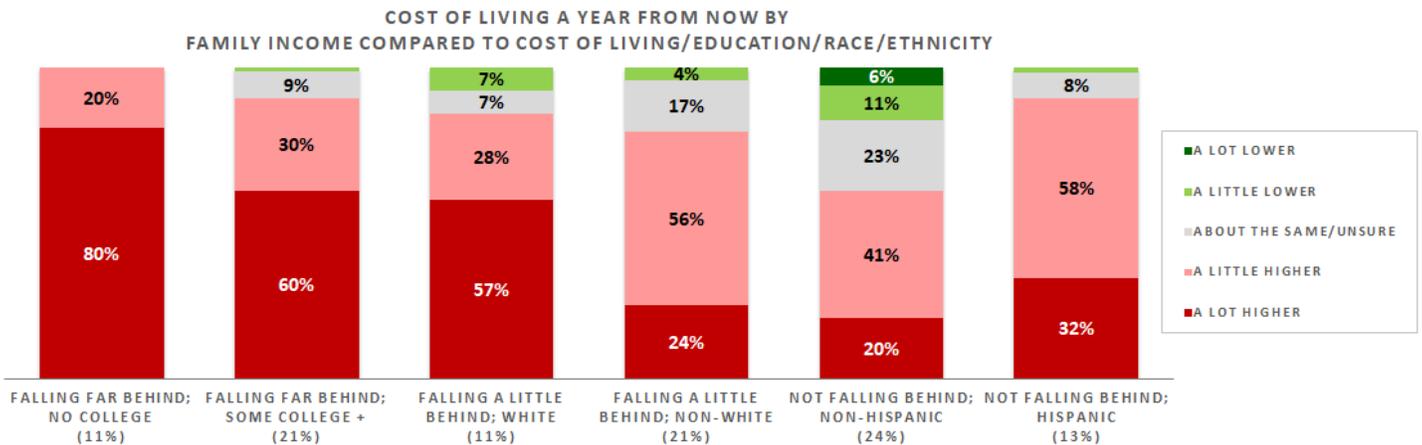
Predictions for San Diego's Cost of Living

As San Diego rockets up the list of the most expensive cities, residents generally agree costs are not likely to slow anytime soon. Eighty-two percent believe living expenses will be higher a year from now,



with a hefty 42% predicting they will be *a lot* higher. Another 10% think they will be about the same, which isn't a good thing given persistent inflation and high costs. Only a small 6% think the cost of living will be lower one year from now so San Diegans are generally aligned in terms of what they expect during the next 12 months.

Although San Diegans across-the-board think costs will be higher, personal experience fuels greater anxiety about higher living expenses. Residents with less formal education who say their income is falling far behind the cost of living most often think costs will be higher, with a giant 80% predicting they will be *a lot* higher. Those with a college or advanced diploma agree costs will rise, but fewer expect the increase to be as drastic. Negative expectations abate slightly among those who say they are falling behind a little, but non-Whites expect the cost-of-living increase to be far more dramatic than Whites do. Even those not falling behind believe prices will be higher, and financially comfortable Latinos hold this opinion more often than non-Latinos do. In total, personal experience significantly impacts the extent to which residents believe costs will rise.



A Closer Look at San Diego's Communities of Color

- ✓ Predictions among Black and AAPI San Diegans align with those of other residents
- ✓ Latinos much more often think the cost of living will be *a lot* higher

		White	Latino	Black	Asian	All
Cost of living a year from now	A lot higher	36%	54%	52%	43%	42%
	A little higher	44%	34%	30%	41%	40%
	About the same/Unsure	13%	10%	13%	14%	12%
	A little lower	6%	2%	5%	2%	6%
	A lot lower	0%	0%	0%	0%	0%

Are the Prices of Everyday Items Causing Financial Hardship?

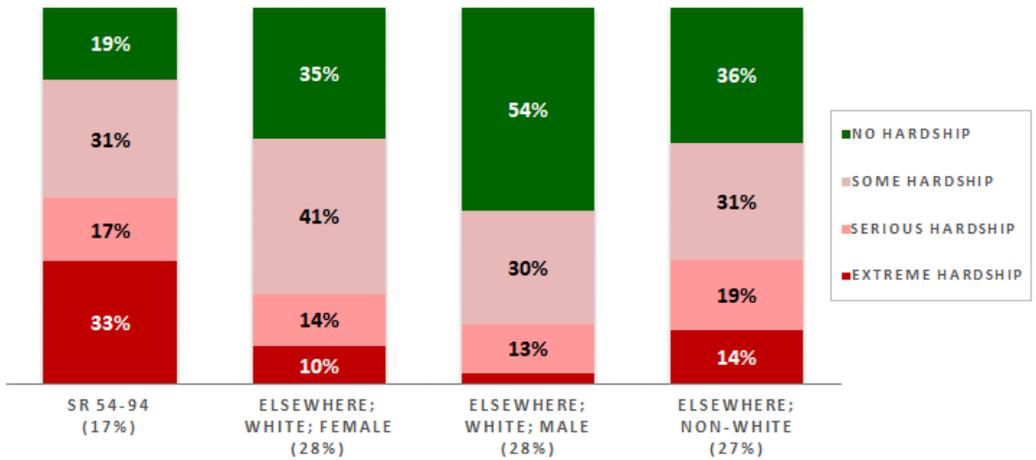
Amid inflation, 62% say the prices of everyday items have caused them and their family hardship in the past month. However, as the chart shows, the extent of that hardship is limited, as one-third cite only *some* problems related to rising costs. That said, 15% have endured *serious* hardship and another 13% say increasing prices has dealt them *extreme* problems, which equates to tremendous suffering among 330,000 San Diegans. On the other side of the scale, 38% report no hardship at all this month.

HAVE PRICES CAUSED HARDSHIP THIS MONTH



Residents living between SR-54 and SR-94 in the south county are being hit the hardest. Only 19% of those residents have *not* experienced privation, while a large one-third are facing *extreme* hardship. No other group reports similarly high levels of need, but non-Whites and White women

HAVE PRICES CAUSED HARDSHIP THIS MONTH BY AREA/RACE/GENDER



elsewhere have experienced hardship more often than others. White women are more than three times as likely as White men to say they have encountered *extreme* hardship.

A Closer Look at San Diego’s Communities of Color

- ✓ The level of hardship experienced by AAPI and Black residents is comparable to others
- ✓ More in the Latino community report paying for everyday items is a hardship

		White	Latino	Black	Asian	All
Have prices caused hardship this month	Extreme hardship	11%	18%	28%	12%	13%
	Serious hardship	15%	12%	8%	16%	16%
	Some hardship	34%	37%	26%	25%	34%
	No hardship	41%	33%	37%	46%	38%

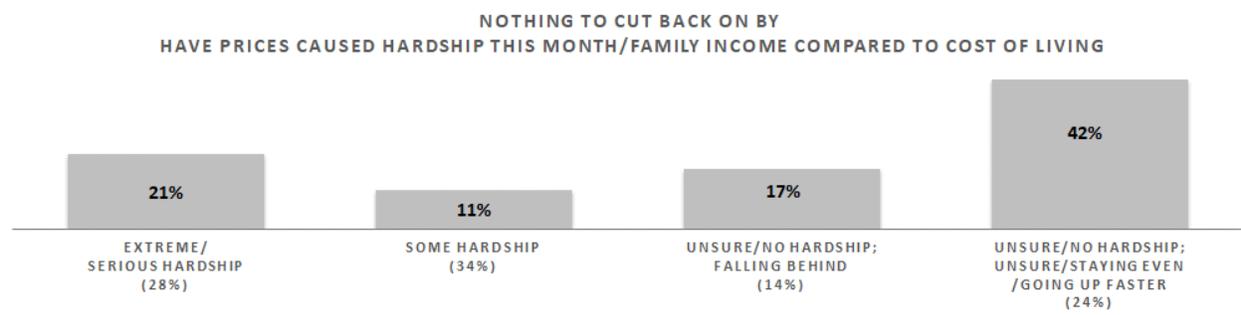
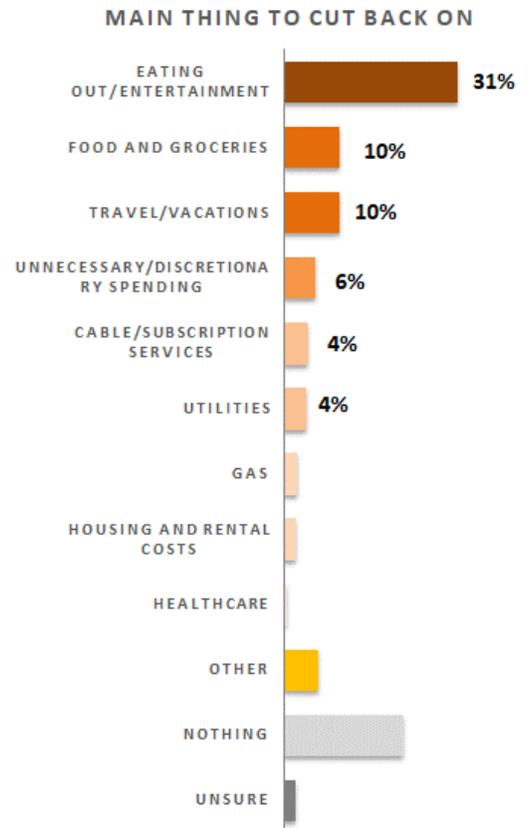
What – If Anything – Would San Diegans Cut Back on?

With most San Diegans experiencing some hardship, cutting back on certain expenses is a stark reality. When asked about the main thing they and their family would cut back on, 31% named eating out or entertainment, putting it at the top of the list. Residents with college degrees cite this more often, especially if they're not falling behind the cost of living. These folks likely have more disposable income, so limiting non-essentials is the logical place to start. San Diegans who haven't attended college offer this answer half as often as others.

One-in-ten locals would cut back on food and groceries to address rising costs. This is more common among San Diegans who have experienced *extreme* or *serious* hardship, particularly if they also haven't attended college; they give this response 40% of the time. These folks are probably strapped for cash, even after eliminating superfluous spending, leaving them no choice but to make cuts on essential purchases.

Another 10% would limit travel and vacations. With this being another highly discretionary expenditure, it is more often the choice among residents only experiencing *some* hardship or no hardship at all. Those in more dire need don't have a vacation budget to cut from any longer. Six percent would generally reduce their unnecessary or discretionary spending. Residents with a multi-racial background give this answer more frequently. Smaller shares of less than 5% say they would cut down on cable/subscription services, utilities, gas, housing and rental costs, or healthcare.

A considerable 22% of residents say they would not cut back on anything. Unsurprisingly, those who've avoided recent hardship and who also are not falling behind are the ones who most often say there is "nothing they could cut back on." In this case, that should be rephrased to "there is nothing they *need* to cut back on." Despite inflation and the high cost of living, these folks are financially fine. On the opposite end of the scale, a notable 21% of San Diegans experiencing *extreme* hardship give the same answer, but for this group it's not about not *needing* to cut back, it's about not having any expenditures that can withstand more cuts; they have already cut back in every possible spending area. Therefore, it's households facing only *some* hardship that will find something to cut back on.



A Closer Look at San Diego’s Communities of Color

- ✓ Latino, AAPI, and African Americans communities are on par with all residents when it comes to cutting expenses

		White	Latino	Black	Asian	All
Main thing to cut back on	Eating out/ Entertainment	31%	28%	31%	38%	31%
	Food and groceries	11%	10%	10%	8%	10%
	Travel/Vacations	12%	13%	9%	5%	10%
	Unnecessary/ Discretionary spending	4%	3%	1%	2%	6%
	Cable/ Subscription services	4%	8%	5%	4%	4%
	Utilities	4%	3%	6%	5%	4%
	Gas	2%	4%	0%	3%	2%
	Housing and rental costs	2%	1%	11%	3%	2%
	Healthcare	0%	0%	2%	1%	0%
	Other	4%	10%	5%	2%	5%
	Nothing	24%	16%	16%	26%	22%
	Unsure	2%	4%	4%	3%	2%

Will President Biden’s Inflation Reduction Act Work?

President Biden signed the Inflation Reduction Act (IRA) into law on August 16. According to the White House, the legislation aims to “curb inflation by reducing the deficit, lowering prescription drug prices, and investing into domestic energy production while promoting clean energy.”

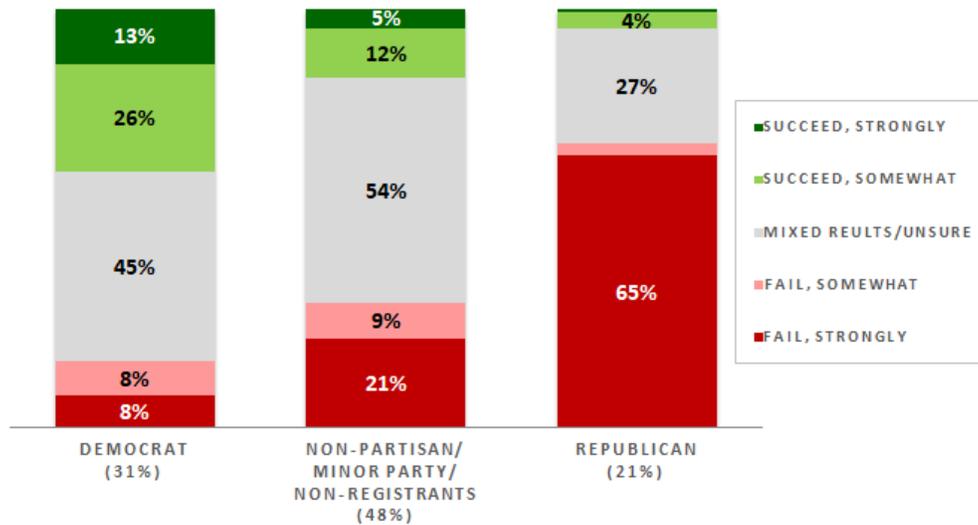
When asked whether this Act will succeed, San Diegans overwhelmingly express doubts. One-third believe Biden’s program will fail – with 26% *strongly* sensing this – and 27% predict it will produce only mixed results. In total, six-in-ten residents are true skeptics. Another 19% are unsure how to answer the question, and perhaps should be considered doubtful. In any event, just 21% believe the Act will succeed. Biden took 60% of the county’s vote in 2020, but many of his voters clearly lack faith in his signature legislation.

INFLATION REDUCTION ACT PREDICTIONS



With partisanship running rampant, it's natural to find Republicans dismissing President Biden's efforts, and, *voila*, two-thirds of them expect it to fail. Nonpartisans, minor party voters, and non-registrants mostly shrug when asked about the Act, but the apathy we also find among Democrats is the most revealing. Although about 40% believe Biden's plan will succeed, few Democrats are firmly convinced. Further, 45% express mixed views or are unsure what will happen.

INFLATION REDUCTION ACT PREDICTIONS BY PARTY

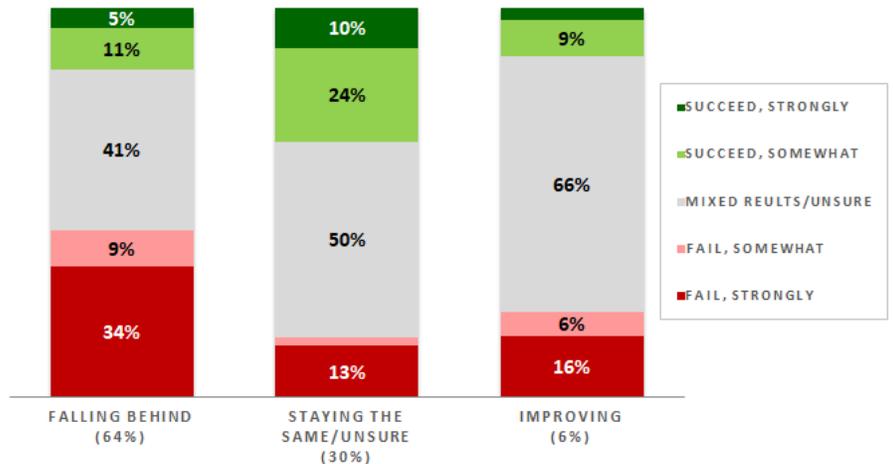


Residents who have felt the hardship of rising costs of living are a bit more optimistic that Biden's plans will succeed. Even among them, however, 53% don't know what to make of the Act or predict mixed results. Residents who have not had a hard time with rising costs are skeptical the IRA will do any good, with one-third strongly believing it will fail.

The Act struggles among those who think burgeoning costs are the most important issue facing San Diegans. Forty-six percent of residents who feel rising gas, housing, or other costs are supremely important believe the IRA will fail and only 10% think it will work.

Residents who sense their incomes are falling behind rising cost of living are another skeptical group. Forty-three percent believe the plan will fail and just 16% think it will succeed. Again, the Act gains no traction among those it promises to help most.

INFLATION REDUCTION ACT PERCEPTIONS BY FAMILY INCOME COMPARED TO COST OF LIVING



Residents living in the north city area between state routes 52 and 56 are significantly more skeptical. Less educated residents are a bit more open-minded. Thirty-six percent of those who did not graduate high school feel, again with little intensity, the IRA will help, but 44% aren't sure of that and another one-in-five think it will fail.

Skepticism also rises with age. Forty percent of seniors older than 54 believe the IRA will fail. That drops to 36% among 35-to-54-year-olds and then to 22% among younger adults. However, it's not as if 18-to-34-year-olds are gung-ho: 63% think its results will be mixed or are uncertain how it will play out.

A Closer Look at San Diego’s Communities of Color

- ✓ African Americans are less negative about the Act than any other racial/ethnic group and express more mixed views or uncertainty about it
- ✓ Views within the Latino and AAPI communities reflect those of all San Diegans

		White	Latino	Black	Asian	All
<u>Inflation Reduction Act perceptions</u>	Fail, strongly	28%	21%	7%	19%	26%
	Fail, somewhat	5%	7%	4%	2%	7%
	Mixed results/Unsure	41%	43%	66%	68%	46%
	Succeed, somewhat	18%	18%	17%	6%	14%
	Succeed, strongly	8%	10%	6%	5%	6%

Findings are based on the results from our scientific poll of 504 San Diego County adult residents. The poll was conducted in English and Spanish by Competitive Edge Research & Communication (CERC), a national research firm based in San Diego, from December 1 through 6, 2022. The maximum margin of sampling error for the total sample is +/- 4.4%. The margin of sampling error for subgroups is larger. Interviews were conducted by trained professionals at CERC’s El Paso, TX, facility, and via the web for residents with an e-mail address or cell phone number in the sample.