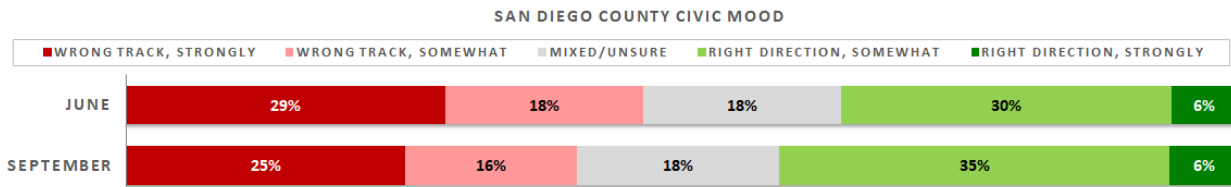


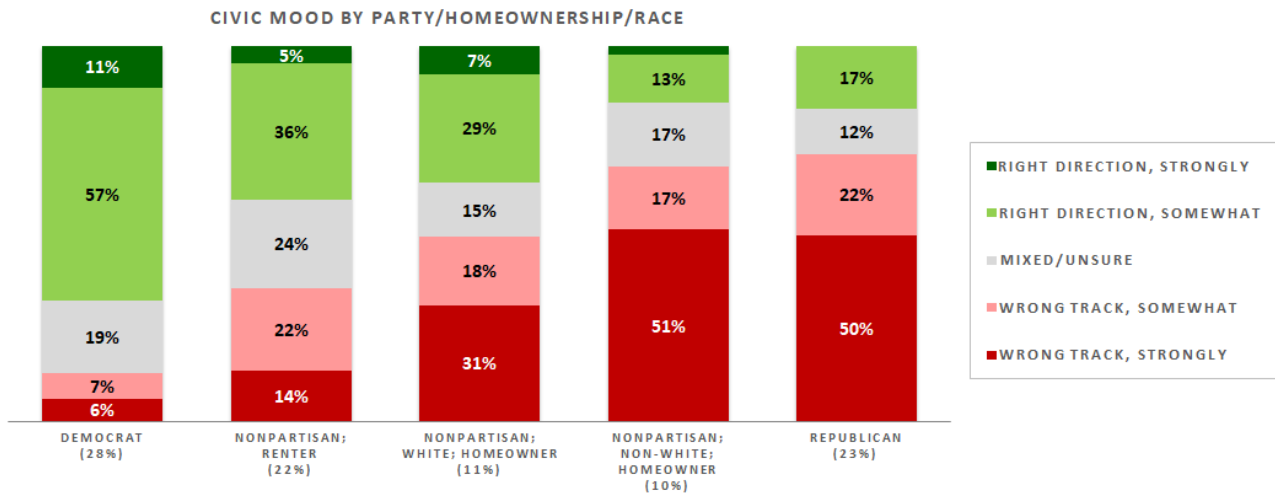
Homelessness, Housing are Top Concerns, but County’s Mood Evens Out as Inflation Cools and Gas Prices Abate

Stricter Rent Control Seen as Way to Address Housing Crisis Due to Strong Democrat Backing

It’s recently happened on the national scale and now the mood is brightening here in San Diego County. It’s not quite “Happy Days Are Here Again,” but now the same number of residents see things as headed in the right direction as being on the wrong track.

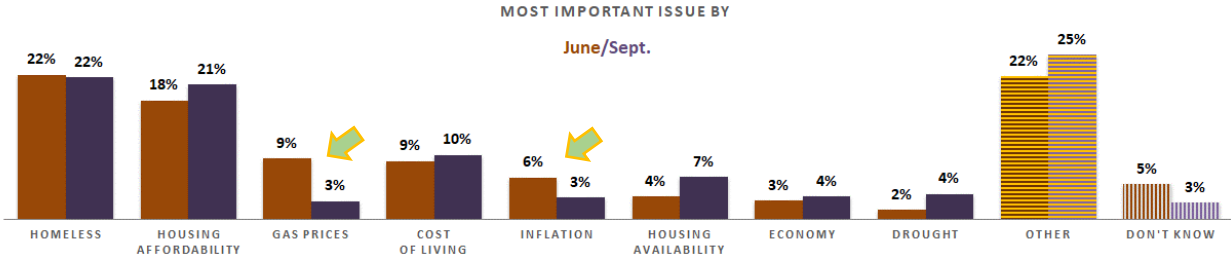


Democrats, if not effusive, are easily the most upbeat group as they feel their party's fortunes have improved. Republicans continue to be very upset about how things are going, with half strongly believing things are on the wrong track. As for those in the middle -- be it nonpartisans, minor party voters or those who don't vote -- *non-white* homeowners match Republicans in their desultory mood.



Digging deeper into the trend, it’s non-elderly Democrats -- those younger than 75 – who are rejuvenated. While only 42% of them thought the County was on the right track in June, two-thirds now believe that.

Sure, the overall mood has improved somewhat, but big issues still remain. Homelessness hasn’t gone anywhere: 22% again say it’s the County’s most critical issue. That’s a very big percentage for the open-ended question we’re asking. The unhoused are relatively rarely mentioned where population density is low. However, it's mentioned as the top problem by 23% living in moderately dense areas, and that increases to 33% if those residents are Republican. However, it is in the densest neighborhoods where homelessness truly jumps off the page. In crowded areas where more than 9,000 people per square mile live, a whopping 40% (regardless of party, the resident’s city or other factors) say homelessness is the most important issue.



Affordable housing is another tremendously important issue and now 21% put it at the top of their list. Renters are quite focused on it, but it's also a very big deal among homeowners in the communities south of SR-54. One-third of each of these groups put it at the top of their list.



The cost of living has always been higher in San Diego County, but it's taken on a sense of seriousness in 2022. Currently, 10% say it's the most important issue facing the County. Surprisingly, the cost of living is rarely the most important issue for those in poorer neighborhoods, but it is for those in areas where home values are moderate (from \$640,000 to \$840,000). Those in poorer neighborhoods are more focused on jobs and the economy, as 17% say that's their top issue. Overall, only 4% say the economy is most important.

Inflation concerns have ebbed. It was June's fifth most important issue (6%), but only 3% mention it now. Hispanics are much less likely to mention inflation, and inflation concerns dropped among those not registered to vote. However, inflation continues to cause anxiety for lots of older residents, as 13% of 70 and older residents say inflation is their top issue.

The focus on gas prices also took a big tumble, dropping from 9% to just 3% currently. The drop was precipitous among Whites and in the Asian community, as well as among Republican women.

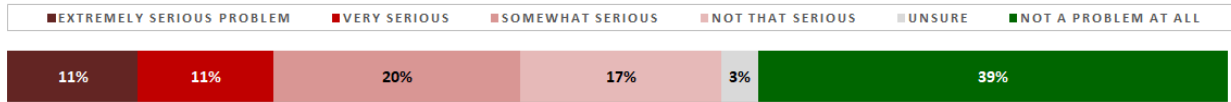
San Diegans became less focused on inflation and gas prices, but they became more concerned with water scarcity and climate issues. After all, broiling temperatures in early September will draw attention to those issues, and now 7% say these are the county's most important challenges. The emphasis on climate issues increased among Whites.

Crime is another issue on residents' radar, albeit only 3% are focused on it overall. However, 18% of Republican men put it at the top of their list, so it is a big concern for them.

Is Paying the Rent or Mortgage a Problem?

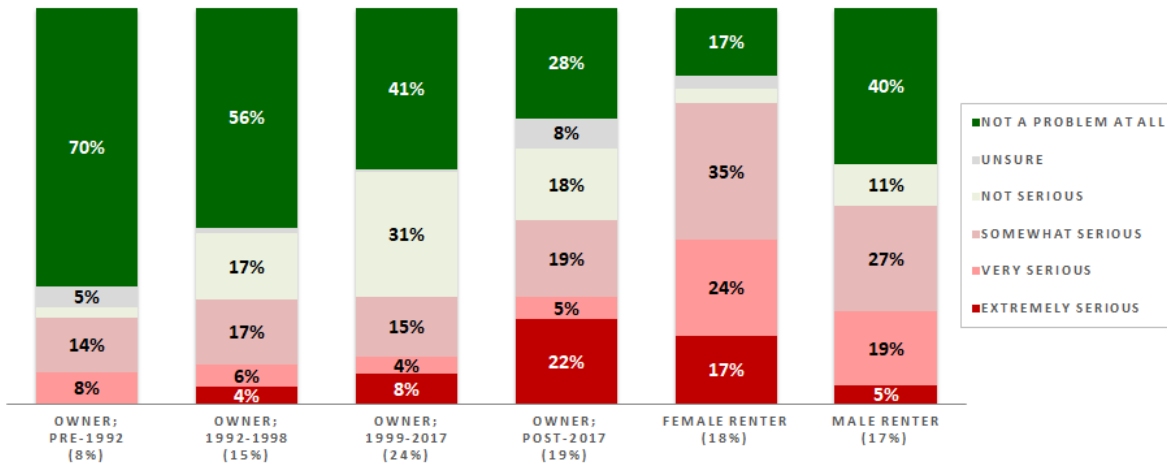
Most residents don't see their housing costs as a serious problem, but 43% do and more than one-in-ten are in crisis mode.

PROBLEM PAYING MORTGAGE OR RENT



The serious payments crisis is essentially limited to two groups. Women who rent say their monthly payments pose an extremely serious problem 17% of the time and another 24% say things have gotten very serious. That's in stark contrast to male renters. Recent homebuyers are the other stressed group: 22% who registered to vote locally after 2017 say paying their mortgage presents them with extremely serious problems. These homeowners -- who likely pushed themselves to qualify for a loan as home prices rose and kept rising -- are even more anxious than renters! Homeowners who have been around longer rarely have serious problems paying their mortgage.

PROBLEM PAYING MORTGAGE OR RENT BY HOMEOWNERSHIP/GENDER/REGISTRATION YEAR



Where will Home Prices Go?

San Diegans have seen huge pandemic-era home price increases, with resale prices roughly doubling since 2020's first quarter. Now, despite interest rates jumping and a predicted recession, most residents remain convinced rising prices are here to stay. Fifty-three percent predict home prices will rise, and 24% believe they'll increase a lot. While the rest see the county hitting a market top, only 19% sense prices will actually retreat.

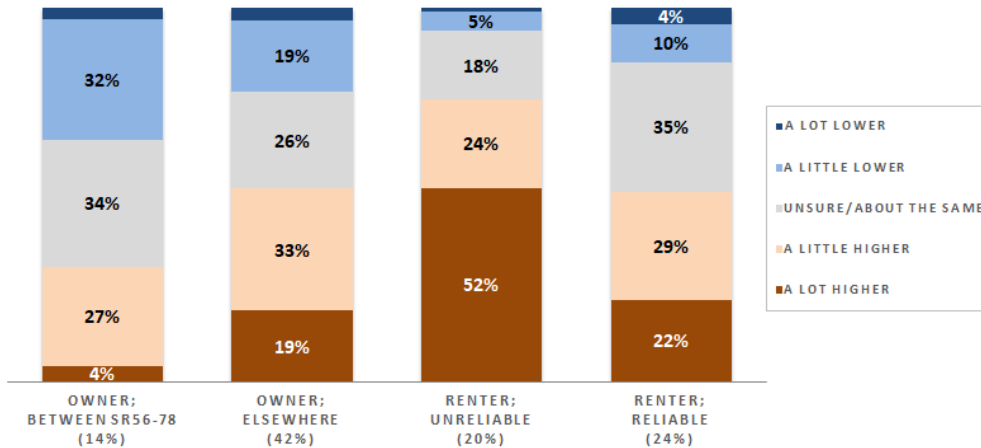
SAN DIEGO COUNTY HOME PRICE PREDICTION ONE YEAR FROM NOW



Renters and homeowners clearly differ on the question of where home values will go. Less connected to the housing market's trends, renters continue to believe prices will increase. Renters who are unreliable when it comes to voting or don't vote at all -- who are not only disconnected from the housing market but stay at arms lengths from civic affairs in general -- are the most bullish. It appears residents paying less attention are driving the idea that housing prices will keep going up. On the other hand,

homeowners aren't so sure of that. In fact, more homeowners in the communities lying between SR-56 and SR-78 -- arguably the area having experienced the biggest price run-up -- feel prices will decrease (35%) than increase (31%). But, speaking to the fundamental health of San Diego County home values, even those north county homeowners rarely predict a dramatic price retreat.

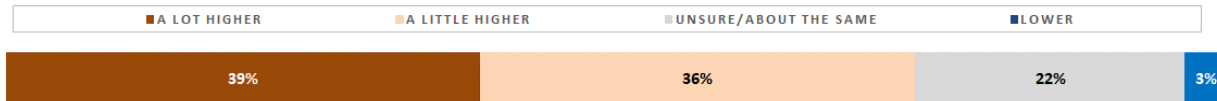
DIRECTION OF HOME PRICES BY HOMEOWNERSHIP/TURNOUT HISTORY/AREA



Where will Rents Go?

Residents see rents as going up during the next year, but the question is by how much. Thirty-six percent believe they'll increase just a little, while 37% expect them to go a lot higher.

SAN DIEGO COUNTY RENT PREDICTION ONE YEAR FROM NOW

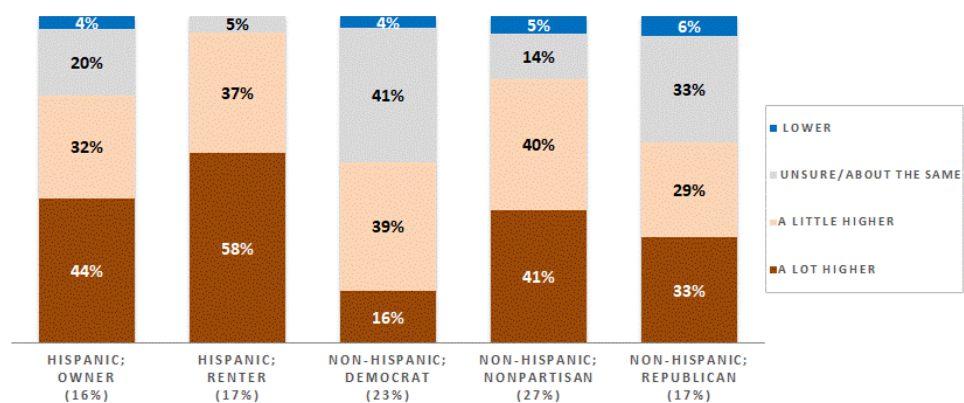


Latino residents are the most fearful of increases, and, while 58% of Hispanic renters are predicting much higher rents, even 44% of Hispanic *homeowners* agree with that assessment. The news is better for non-Hispanics,

although huge differences of opinion based on political party exist among those folks. Regardless of whether they rent or own, non-Latino Democrats are unconvinced rents will increase and only one-in-six feel they'll rise a lot. In contrast, Republicans are fairly convinced rents *will*

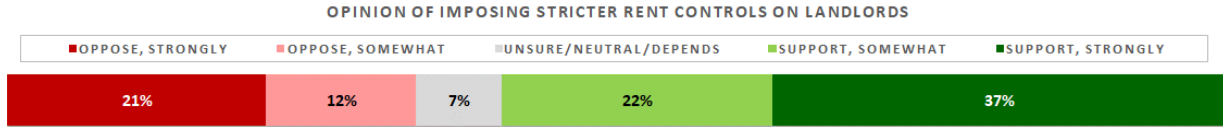
rise. Then we have non-Latino nonpartisans, voters with minor parties and non-voters: 81% predict an increase, with 41% saying rents will jump by a lot.

DIRECTION OF RENTS BY ETHNICITY/PARTY/HOMEOWNERSHIP



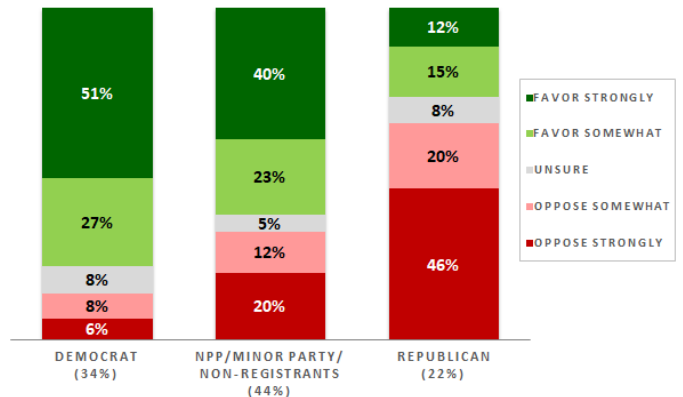
Is More Rent Control the Answer?

Stricter rent controls have been debated as an answer to the housing affordability crisis. Residents now generally favor stricter controls. We'll acknowledge "the devil is in the details," but 60% conceptually support imposing stricter rent controls on landlords.



More than anything else, rent control is a political question. Most Republicans don't like the imposition of stricter controls. On the other hand, Democrats love it, strongly supporting imposing stricter controls 51% of the time. In the middle, non-partisans, voters with minor parties and unregistered individuals are much less opposed to more rent control than Republicans, but, while supportive, are not as enthusiastic as Democrats. This adds up to 60% support for stricter rent control in largely Democratic San Diego.

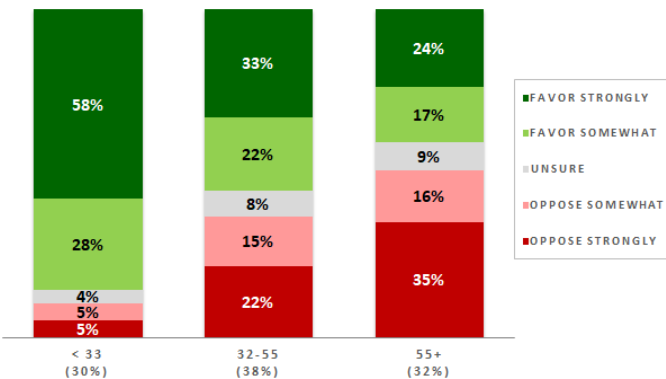
OPINION OF IMPOSING STRICTER RENT CONTROL BY PARTY



Age is another factor. The younger generation is overwhelming behind stricter controls, but half of seniors are opposed.

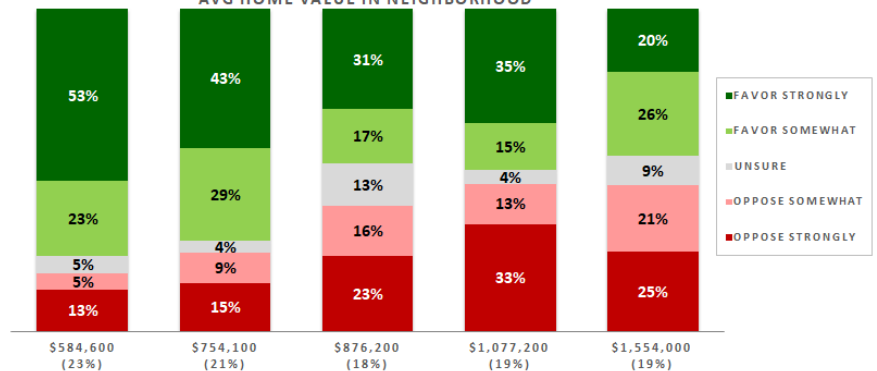
As one could assume, residents where home values are relatively low are typically big rent control fans. However, reflecting the depth of the affordability crisis, even most in upscale areas don't oppose stricter controls.

OPINION OF IMPOSING STRICTER RENT CONTROL BY AGE



Where residents see rents heading next year also factors into their calculus. More than two-thirds who predict rents will be a lot higher support stronger controls, and that figure is even 54% among those who believe rents will go only a little higher. While political sensibilities exert much more influence, the fear of more rent increases partly drives the widespread desire for rent control in the county.

OPINION ON IMPOSING STRICTER RENT CONTROL BY AVG HOME VALUE IN NEIGHBORHOOD



Naturally, renters are much more in favor of stricter controls than homeowners are.

A Close Look at San Diego's Communities of Color

		White	Latino	Black	Asian	Mixed	All
<u>Civic Mood</u>	Wrong track, strongly	22%	22%	22%	18%	44%	25%
	Wrong track, somewhat	16%	17%	11%	15%	15%	15%
	Mixed/Unsure	15%	15%	41%	19%	25%	18%
	Right direction, somewhat	41%	40%	20%	40%	14%	35%
	Right direction, strongly	7%	5%	7%	7%	2%	6%
<u>Direction of Rent Prices Over Next Year</u>	A lot higher	35%	51%	62%	34%	52%	39%
	A little higher	37%	35%	26%	37%	31%	36%
	Unsure/About the same	24%	12%	9%	27%	16%	22%
	A little lower	4%	1%	1%	0%	2%	3%
	A lot lower	0%	0%	2%	1%	0%	0%
<u>Direction of Home Prices Over Next Year</u>	A lot higher	18%	39%	51%	25%	47%	25%
	A little higher	33%	23%	24%	31%	13%	29%
	Unsure/About the same	30%	25%	17%	22%	23%	27%
	A little lower	16%	10%	7%	20%	11%	16%
	A lot lower	2%	3%	2%	3%	6%	3%
<u>Problem Paying Monthly Mortgage or Rent</u>	Extremely serious problem	9%	7%	28%	7%	16%	11%
	Very serious problem	11%	18%	13%	11%	13%	11%
	Somewhat serious problem	21%	23%	14%	17%	22%	20%
	Not that serious	17%	14%	11%	24%	12%	16%
	Not a problem	41%	34%	33%	39%	30%	38%
	Unsure	2%	3%	2%	3%	7%	3%
<u>Opinion of Imposing Stricter Rent Control</u>	Oppose strongly	22%	11%	10%	18%	22%	21%
	Oppose somewhat	13%	10%	3%	13%	11%	12%
	Unsure	6%	6%	11%	11%	6%	7%
	Support Somewhat	25%	27%	16%	29%	9%	22%
	Support strongly	34%	45%	60%	30%	52%	37%

The Asian Community

- ✓ Despite gas prices receding as an issue for Asians, they are no more upbeat than others about the County's direction
- ✓ Paying the rent or mortgage is no more problematic for Asians than it is for the rest of the county's residents
- ✓ They are in line with the rest of the county when it comes to predicting where rents and home prices will be in a year
- ✓ The Asian community supports stricter rent control at the same rate as the rest of the county

The Latino Community

- ✓ **Latinos are more focused on housing affordability, as nearly 30% say it's the County's most important issue**
- ✓ **Despite inflation cooling as an issue for Latinos, their outlook did not improve significantly, and it dovetails with the rest of the population**
- ✓ **Paying the rent/mortgage is a more serious problem for Hispanics**
- ✓ **They tend to see rents increasing more so than the rest of the population**
- ✓ **They agree with the rest of the county on the direction of home prices**
- ✓ **Latinos are bigger fans of stricter rent control, as two-thirds support it**

The Black Community

- ✓ **The outlook of Blacks did not improve significantly, and they currently have the same outlook as the rest of the county**
- ✓ **Paying the rent or mortgage for Black families is more of a problem, with 41% rating that very or extremely serious**
- ✓ **Far more Blacks predict rents will rise in the coming year; 62% say they'll be a lot higher**
- ✓ **Three-quarters think home prices will increase**
- ✓ **Blacks resolutely favor stricter rent control**

Findings are based on the results from our scientific poll of 505 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 September 2 through 10, 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.