City of San Marcos

Economic Displacement Risk Analysis

May 2023

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EXECUTIVE SUMMARY

BACKGROUND

In July 2021, the City of San Marcos adopted its 2021-2029 Housing Element, which includes a Housing Plan comprised of city-specific goals, programs, and policies that the city will implement to address housing needs and constraints within the City. In the Housing Element, the City pledged to implement or continue 25 programs that address housing constraints and needs within the City. Program 24 of the Housing Plan, to study and address potential economic displacement in the City of San Marcos, will help stakeholders and policymakers better understand the indicators which can lead to future economic displacement.

As part of the "Housing Plan" contained within the Housing Element, the City has also adopted Program 12, which commits the City to continuing its participation in the Downpayment Assistance Program (DAP); and Program 16, which will see City staff monitoring the status of, and ensuring the conservation of existing and future affordable units. The results from this evaluation being conducted under Program 24 will inform Programs 12 and 16 and San Marcos' potential future prioritization of both increasing publicity surrounding the DAP; and tracking and conserving affordable housing in areas with potential economic household displacement.

The City of San Marcos contracted with Public Consulting Group LLC to conduct the analysis described in Program 24 of potential economic housing displacement within the City. The results from this analysis will help the City of San Marcos determine its future courses of action under Programs 12 and 16 to monitor and mitigate displacement. Additionally, the City plans to conduct an annual review of any Housing Element program to determine if further modifications are needed to reduce displacement risk.

PURPOSE AND OBJECTIVE

The purpose of this report is to understand to what extent, if at all, economic housing displacement is occurring in San Marcos. This report identifies multiple factors that are known to measure economic displacement, and it presents key findings on the extent to which economic displacement may be occurring in San Marcos based on the proxy indicators included in this report. Additionally, the report provides recommendations for measuring economic housing displacement using other methodological approaches, such as structured, ongoing analyses of the local rental market; tenant exit surveys; geographic information system (GIS) data; focus groups with property managers and tenants; analyses of homeownership, foreclosure, and building permit data; and conducting a bi-annual Unhoused Census.

Relevant and timely data can help the City understand and prepare for the impact of displacement. Such data can support the City's effort to prevent practices that enable or increase displacement. The City of San Marcos can make more informed decisions and take proactive measures to address housing challenges, by using relevant and local data sources, such as changes in rental market trends, closed sale prices, eviction risk, building permits issued for new single-family and multi-family units, and housing vacancy in the City of San Marcos, to inform local policies and interventions.

KEY FINDINGS

This *Economic Displacement Risk Analysis* is informed by a combination of internal data from the City of San Marcos and publicly available data sources, with the following key findings detailed in this report:

- Overall, residents of San Marcos experience a lower level of housing precarity in comparison to many other cities in San Diego County, including the City of San Diego[1];

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[1] *Other cities include Oceanside, Chula Vista, Imperial Beach, National City, La Mesa, Spring Valley, Escondido, and the City of San Diego.*

- San Marcos's vacancy rate is higher than in many other San Diego County cities;
- Residents of rental units in San Marcos have a lower likelihood of eviction in comparison to nationwide rates;
- Rental prices are increasing in San Marcos, but at a slower rate than nationally;
- The residents of San Marcos have higher incomes compared to both San Diego County and the nation, and the poverty rate in the City is lower than the national average;
- San Marcos has a smaller than year-over-year increase in average closed home sale prices, compared to nationwide[2];

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[2] *The City of San Marcos had a higher closed sale price for townhouses compared to nationwide rates.*

METHODOLOGY

Data was compiled and analyzed from the *Southern California Regional Housing Authority (SCRHA) Spring 2022 Vacancy and Rental Rate Survey.*[3] This survey has been used since the 1950s to track rental and vacancy rates in the San Diego region. Approximately 6,000 surveys were distributed to San Diego rental property owners and managers in March 2022. SCRHA received approximately 450 responses which represented over 14,088 units. The data from the survey that informed this report includes availability indices, vacancy rates, and changes in rent prices.

The composite housing precarity scores from the Urban Displacement Project's Housing Precarity Risk Model, an interactive mapping tool developed by the University of California at Berkeley,[4] were averaged to determine the overall Housing Precarity Risk Score for ten of San Marcos's 2010 census tracts that lay 97% or more within the city. The Model assesses eviction risk, displacement vulnerability, changes in employment from 2019 to 2020, poverty rates, and neighborhood segregation, determined by which racial groups share of the population is greater than 10%. Each of these data points is then used to calculate an overall score that correlates to the likelihood of displacement.

This report also includes data from the City of San Marcos's market rent analysis, such as the average prices to rent studio, one bedroom, two bedroom, and three-bedroom units; and where available, contextual notes on property availability, type and age, as well as reasons why tenants were leaving their unit.

PCG conducted a year-over-year comparison of closed home sale prices, including average price and average increase across all types of properties, such as single-family homes, townhouses, units manufactured on land (also known as mobile homes) to determine trends over time. These data were provided to PCG by the City of San Marcos and included closed home sale prices between summer 2021 and summer 2022. PCG also analyzed median closed home sale prices in San Marcos from the data provided, and compared these prices to the County of San Diego, California, and nationwide prices using publicly available data from Zillow, Redfin, and the St. Louis Federal Reserve.

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[3] *Vacancy & Rental Rate Survey - Southern California Rental Housing Association*. (n.d.). Vacancy & Rental Rate Survey - Southern California Rental Housing Association. https://www.socalrha.org/products/vacancy-and-rental-rate-survey
[4] *Housing Precarity Risk Model – Urban Displacement*. (n.d.). Housing Precarity Risk Model – Urban Displacement. https://www.urbandisplacement.org/maps/housing-precarity-risk-model/

SUMMARY OF FINDINGS

The results of this *Economic Displacement Risk Analysis* indicate that economic housing displacement in the City of San Marcos is not currently widely prevalent and is unlikely to develop given the City's efforts to address and mitigate the potential opportunities for economic housing displacement to occur. Program 6 of San Marcos's 2021 – 2029 Housing Element Plan promotes the continued implementation of affordable housing for lower and moderate-income households and includes an inclusionary housing ordinance. This ordinance mandates that residential housing projects must include available units that are affordable to these income groups. In the absence of such housing, developers are required to make payment of an in-lieu fee, which is then used by the City to provide housing opportunities to extremely low to moderate income households.[19]**Error! Bookmark not defined.**

San Marcos has a low Housing Precarity Risk Score in comparison to the City of San Diego.
San Marcos's Housing Precarity Risk Score (HPRS), which was collected using data from the Urban Displacement Project's Housing Precarity Risk Score Model, is based off eviction and displacement risk data for eight census tracts that lay within 97% of San Marcos. The Model compiles data points to develop a composite risk score that helps to determine the geographic areas in which households might be at risk for housing displacement. The data points used as proxy indicators for displacement include year-over-year change in rent, percentage of residents with a college degree, percent Black, percentage of households with seniors, percentage of households with a married couple, and building age.[4] On a scale of zero to nine, with zero being very unlikely to experience displacement to nine, which is extremely likely to experience displacement, San Marcos had a HPRS of 2.6, and none of San Marcos census tracts has a Score higher than four.

San Marcos' vacancy rate is higher than in many other San Diego County cities.
While vacancy rates in San Marcos decreased from 4.8%[**Error! Bookmark not defined.**][19] in 2020 to 2.2%[3] in 2022 for rental units, San Marcos had one of the higher vacancy rates in San Diego County, which had a county-wide vacancy rate of 1.55%.[3] Across the entire state of California, the overall vacancy rate for rentals in 2022 was 3.9%.[5]

San Marcos has a low likelihood that households will experience eviction in comparison to national rates.
The City of San Marcos, and the County of San Diego in general, have a lower percentage of estimated rental eviction filing rates from in comparison to the national rate (1.7% in San Diego County vs. 2.3% nationwide).[6,7] Out of every 1,000 renter-occupied households in San Marcos, almost 62 experienced an eviction filing between January 1st, 2018 through December 31st, 2022 (approximately 1.2% of renter-households a year).[8]

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[5] *Rental Vacancy Rate for California*. (2023, March 15). Rental Vacancy Rate for California (CARVAC) | Federal Reserve Economic Data | St. Louis Fed. https://fred.stlouisfed.org/series/CARVAC
[6] Eviction Lab. (n.d.). *Eviction Map & Data (Version 2.0) | Eviction Lab*. Retrieved May 10, 2023, from https://evictionlab.org/map/
[7] *Available estimates for the national eviction filing rate includes dates between January 2018 – December 2021. San Diego specific eviction filing rate is the 2018 rate.*
[8] *Nations, Jennifer, et al. "Residential Eviction Filings in San Diego Superior Court." ArcGIS StoryMaps, 13 Apr. 2023, storymaps.arcgis.com/stories/c058e269f3854b7ab6a385d08c488b8a.*

Some San Marcos data sources on market rental trends reported a less than average increases in rental prices year over year in comparison to national averages.

Based on data from the SCRHA's *Spring 2022 Rental and Vacancy Rate Survey*, San Marcos had one of the smallest increases in rental prices year over year (8%) among the other cities[9] surveyed in San Diego County. Nationally, the price for new rentals increased by 12.2%[10] during the first half of 2022; In San Marcos, new rental prices increased by 14%[11] over the same timeframe according to publicly available data.

The residents of San Marcos on average, have higher incomes compared to other cities, and the poverty rate in the city is lower than the national average.

In 2021, San Marcos had a 9.3% poverty rate,[12] in comparison to the national rate of 11.6%.[13] San Marcos's median income of $90,620[12] is $20,000 higher than the national median income of $70,784.[12]

San Marcos has a less than average closed home sale price increase year-over-year in comparison to nationwide rates.*

An analysis of City of San Marcos closed home sale prices during Summer 2021 and 2022 shows that the City had a 2.4% increase in the average closed home sale price, and an 11.3% increase in single-family home prices. Nationally, over the same time, there was an average increase of 18.3% in the price of homes.[14]

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[9] *Other cities in San Diego County surveyed include Bonita, Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Cardiff By the Sea, Escondido, Fallbrook/Rainbow, Imperial Beach, La Mesa, Lakeside, Lemon Grove, National City, Oceanside, Poway, Ramona, Santee, Solana Beach, Spring Valley*

[10] Houck, B. (2022, September 1). *Housing Leases in the U.S. Rental Market : Spotlight on Statistics: U.S. Bureau of Labor Statistics*. Housing Leases in the U.S. Rental Market : Spotlight on Statistics: U.S. Bureau of Labor Statistics. https://www.bls.gov/spotlight/2022/housing-leases-in-the-u-s-rental-market/home.htm

[11] *Average Rent in San Marcos, CA and Cost Information - Zumper*. (n.d.). Zumper - Apartments for Rent & Houses. https://www.zumper.com/rent-research/san-marcos-ca

[12] *U.S. Census Bureau QuickFacts: San Marcos city, California*. (n.d.). Census Bureau QuickFacts. https://www.census.gov/quickfacts/sanmarcoscitycalifornia

[13] U.S Census Bureau. (2022, September 13). *Poverty in the United States: 2021*. Census.gov. https://www.census.gov/library/publications/2022/demo/p60-277.html

[14] *Average Sales Price of Houses Sold for the United States*. (2023, April 25). Average Sales Price of Houses Sold for the United States (ASPUS) | Federal Reserve Economic Data | St. Louis Fed. https://fred.stlouisfed.org/series/ASPUS

HOUSING PRECARITY

Housing precarity can be caused by a myriad of financial crises such as a job loss, health emergency, or eviction, and directly impacts a household's increased insecurity in housing status.[15] While data on Housing precarity is limited, the **Urban Displacement Project's Housing Precarity Risk Model (HPRM***)[16]* identifies communities where residents experienced the highest risk of displacement after the COVID-19 pandemic and provides a comprehensive analysis of the potential for economic housing displacement.[16] The HPRM measures pre-pandemic eviction risk, pre-pandemic displacement vulnerability, changes in employment from 2019 to 2020, poverty rates, and neighborhood segregation modeled from 2010 U.S Census Data. The HPRM calculates the HPRS down to the census tract level.
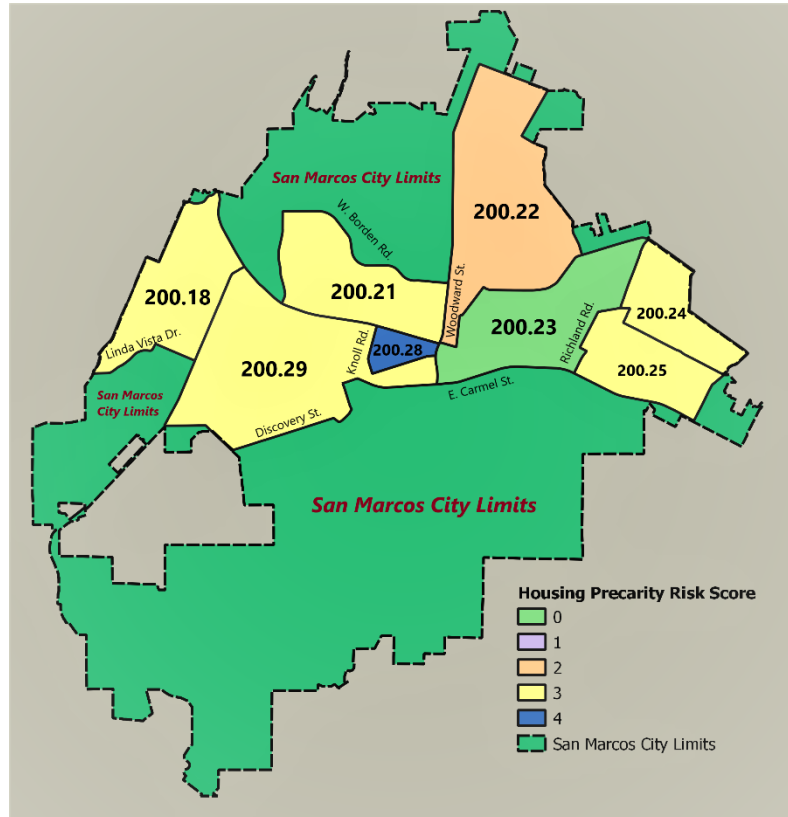

FIGURE 1: SAN MARCOS HOUSING PRECARITY RISK SCORE MAP

Figure 1 shows the housing precarity risk score for the ten census tracts analyzed in this report.

PCG calculated the average of eight census tracts that lay within both of San Marcos' zip codes (97.8% or above) and found an average 2.6 Housing Precarity Risk Score (HPRS) using data from the model. The model features multiple layers of estimated scores, one of which includes housing precarity risk, determined by likelihood of eviction, displacement vulnerability relative to local housing markets, and pre-and post-pandemic unemployment. The scores within the model range anywhere from zero to nine, with zero representing the least likelihood of housing precarity risk.

Housing Precarity Risk Scores between zero and two indicate a low likelihood of combined displacement vulnerability, eviction, and higher unemployment. The HPRS of each census tract included in this analysis was four or lower. The census tract with the highest score of four has a 25% poverty rate, with nearly all (97%) households being renters.

Data from the HPRM indicates that, overall, San Marcos has a HPRS of 2.6. This means that the composite scores from the census tracts indicate a lower likelihood of housing precarity for the city of San Marcos. Seven of the census tracts for San Marcos included in this analysis had an estimated less than 2% likelihood

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[15] *Housing Precarity in San Diego County*. (n.d.). Housing Precarity in San Diego County. https://homelessnesshub.ucsd.edu/research/research-evictions.html

[16] *Housing Precarity Risk Model – Urban Displacement*. (n.d.). Housing Precarity Risk Model – Urban Displacement. https://www.urbandisplacement.org/maps/housing-precarity-risk-model/

of eviction, with only one census tract between a 2-4% likelihood of eviction. **Figure 2** includes a list of the San Marcos census tracts included in this report along with their HPRS and census tract descriptions.

Census Tract Housing Precarity Risk Scores

Census Tract Number and HPR Score	Economic Characteristics	Demographic Characteristics
Census Tract **200.28** HPRS of 4	• Median income $43,295 • 25% of households in poverty	• 97% renters • All Latino neighborhood
Census Tract **200.29** HPRS of 3	• Median income $XXXXXX • 19% of households in poverty	• 79% renters • Latino-White Neighborhood
Census Tract **200.21** HPRS of 3	• Median income $79,267 • 11% of households in poverty	• 57% renters • Asian-Latino-White neighborhood
Census Tract **200.25** HPRS of 3	• Median income $70,847 • 8% of households in poverty	• 48% renters • Latino-White neighborhood
Census Tract **200.18** HPRS of 3	• Median income $50,972 • 15% of households in poverty	• 47% renters • Latino-White neighborhood
Census Tract **200.24** HPRS of 3	• Median income $68,011 • 8% of households in poverty	• 33% renters • Latino-Other-White neighborhood
Census Tract **200.23** HPRS of 0	• Median income $90,885 • 2% of households in poverty	• 14% renters • Latino-White neighborhood
Census Tract **200.22** HPRS of 2	• Median income $86,295 • 13% of households in poverty	• 32% renters • Asian-Latino-White neighborhood
Census Tracts Between 97% and 82% within San Marcos City Limits		
Census Tract **200.20** HPRS of 1	• Median income $128,338 • 2% of households in poverty	• 12% renters • Asian-Latino-White neighborhood
Census Tract **200.19** HPRS of 2	• Median income $62,779 • 14% of households in poverty	• 21% renters • Latino-White neighborhood

FIGURE 2: SAN MARCOS CENSUS TRACTS

Census tract 200.28 lies 100% within San Marcos and has a HPRS of four. This census tract has a high number of renters (97% of all households), and 71% of residents are considered low-income. The area median income for this tract is roughly $22,000 less than the county area median income. Of the 1,150 households in this tract, roughly 96% are Latino households. Around 25% of households are below the federal poverty level.

Each of the other census tracts that are 97% or more within the San Marcos city limit had a HPRS of three.

Census tract 200.21 lies 100% within San Marcos and has a HPRS of three, and 57% of households are renters. Roughly 24% (241) of households are considered high-income, 16% (159) are considered middle-income, and 61% (614) are considered low income out of a total of 1,014 households. The neighborhood is considered Asian-Latino-White, with the racial composition of the tract being 15% Asian, 60% Latino, and 22% White. The median household income is approximately the same as the county area median income ($79,267 and $79,953, respectively).

Census tract 200.25 lies 100% within San Marcos and has a HPRS of three. Around 48% of households are renters. Out of the 822 households, 61% (499) are considered low-income, 22% (182) are considered high-income and 17% (141) are considered middle-income. The neighborhood is predominantly Latino-

White, with 31% Latino and 52% White. The median household income is $70,847, which is $9,106 below the county area median income, and 8% of households are below the federal poverty level.

Census tract 200.29 lies 100% within San Marcos and has a HPRS of three, and most households (71%) are considered low-income. High-income households comprise 13% (224) of the population, and 16% (278) of households are considered middle-income. Out of 1,749 households, roughly 79% rent. The neighborhood is Latino-White, with 63% Latino and 29% White. The tract median income is nearly $37,000 less ($42,799) than the median income for San Diego County. Around 19% of households are below the federal poverty level.

Census tract 200.18 lies 100% within San Marcos and has a HPRS of three. This census tract was the only census tract analyzed with a 2-4% likelihood of eviction. The neighborhood has a high number of renters (47%), and 72% of households are considered low-income, out of a total of 1,040 households. The area median income ($50,972) for this neighborhood is nearly $29,000 less than the county area median income of $79,953. This census tract is considered a Latino-White neighborhood, with 74% Latino and 18% White. Around 15% of households are below the federal poverty level.

Census tract 200.23 lies 100% within San Marcos and has a HPRS of zero. Only 14% of households rent. Most households are considered high-income (61%), and the neighborhood is considered Latino-White, with 36% Latino and 48% White. The tract median household income ($90,884) is nearly $11,000 more than the county area median income, and 2% of households are below the federal poverty level.

Census tract 200.22 lies 99.7% within San Marcos and has a HPRS of two. Only 32% of households are rentals, and the median tract income is $86,295, which is $6,342 above the county area median income. The census tract is considered an Asian-Latino-White neighborhood with 11% Asian, 35% Latino, and 49% White. However, out of the 738 households, 58% (428) are considered low-income. High- and middle-income households comprise 42% of the population. Around 13% of households are below the federal poverty level.

Census Tract 200.24 lies 98% within San Marcos and has a HPRS of three. Out of 480 households, 33% are renters and most households are considered low-income (68%). Around 32% of households are considered high or middle income. The neighborhood is considered Latino-Other-White, with 39% Latino, 11% Other, and 48% White. The census tract has a median area income nearly $12,000 less than the county area median income. Around 8% of households are below the federal poverty level.

Census Tracts less than 97% within San Marcos

While many census tracts lay partially within San Marcos, this analysis also considers two census tracts that are a majority (82% and 84%) within San Marcos city limits to demonstrate a more thorough understanding of housing precarity within the local San Marcos area.

Census Tract 200.20 lies 82% within San Marcos and has a HPRS of one, with a likelihood of less than 2% eviction rate. Of the 264 households, 48% are considered low-income (126), 26% high-income (69), and 48% middle income (69), and only 12% of households rent. The neighborhood is predominantly Asian-Latino-White neighborhood with 23% Asian, 28% Latino, and 42% White. The tract median income ($128,338) is greater than the county area median income by over $48,000. Around 2% of households are below the federal poverty level.

Census Tract 200.19 lies 84% within San Marcos and has a HPRS of two, with a likelihood of less than 2% eviction rate. Out of 598 households, only 21% rent. Most households (53%) are considered low-income, 20% (117) are middle-income, and 27% (164) are high-income. The neighborhood is considered Latino-White, with 35% Latino, 55% White. The median household income ($62,779) is $17,174 less than the county area median income. Around 14% of households are below the federal poverty level.

AVAILABILITY INDEX AND VACANCY RATES

Availability Index

Housing authorities typically measure the availability of housing by dividing the total number of housing units for a specified area by the number of units that are currently vacant and the number of units that have been served a notice to vacate, representing the total percentage of units available.[3] This "Availability Index" can serve as an early indication of fluctuations in industry activity and provides an additional metric to gauge both the demand for and the affordability of housing. The U.S Department of Housing and Urban Development (HUD) defines affordable housing as "housing in which the occupant(s) are paying no more than 30% of their gross income for housing related costs, including their utilities."[17] The Availability Index may be used as one measure of affordable housing, but it is necessary to use other measures to yield a more comprehensive understanding of the housing and rental market.

In the Spring of 2022, the average Availability Index of San Diego County was 3.29%, the lowest Availability Index recorded since Spring of 2012, and down from 5.51% in the Spring of 2021.[3] While the overall availability index in San Diego County is at a historical low, The Southern California Regional Housing Authority Spring 2022 Vacancy and Rental Rate Survey did not collect data on the number of units on notice to vacate for San Marcos, and the survey did not include city or town-level data on Availability Indices. **Figure 3** shows the changes in San Diego County's availability index from Spring 2021 to Spring 2022.

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[17] U.S Department of Housing and Urban Development. (n.d.). *Glossary of Terms to Affordable Housing*. Retrieved May 10, 2023, from https://archives.hud.gov/local/nv/goodstories/2006-04-06glos.cfm

San Diego County Availability Index				
Survey Period	Availability Index	Number of Units Managed	Units Vacant	Units with Notices to Vacate
Spring 2021	5.51%	12,555	2.69%	2.82%
Spring 2022	3.29%	17,654	1.46%	1.83%
Percent Change	40% Decrease	41% Increase	46% Decrease	35% Decrease

FIGURE 3: SAN DIEGO COUNTY AVAILABILITY INDEX, 2021-2022

Vacancy Rates

Vacancy rates are defined as the ratio of available units to total units and are one of the most important measures for determining housing market conditions due to their sensitivity in supply and demand markets.[18] To calculate vacancy rates, the number of days a rental unit is vacant is divided by the number of days it is available for rent. This determines the percentage of time that the unit is unoccupied.

Multiple economic factors affect vacancy rates, such as rent asking price (depending on the fair market value), the desirability of a given market, economic and population growth, the supply of available housing, and any housing policies such as zoning laws or rent control. Economic housing displacement could be a result of households leaving the area due to increasing housing or rental burden, or where the demand for affordable housing exceeds the supply. Housing Authorities can track housing displacement by analyzing changes in rent or home prices over time, as well as regularly taking inventory of available affordable housing stock and their current vacancy rate or wait times. Low vacancy rates could also indicate a low housing supply, which in turn may lead to a shortage in available housing, causing an overall increase in rental rates or home prices, or both. Data on vacancy rates can be collected through housing market reports, such as SCRHA's *Annual Rental and Vacancy Rate Survey.*

Since both a high and a low vacancy rate can indicate potential economic housing displacement, it is important to use vacancy rate measures in conjunction with other data collection methods to understand local economic housing displacement.

San Marcos and San Diego County

In *San Marcos' 2021-2029 Housing Element Plan,[19]* the reported vacancy rate in 2020 was 4.8%. In the spring of 2022, the *2022 SCRHA Spring 2022 Rental Market and Vacancy Rate Survey* indicated that San Marcos had an average 2.2% vacancy rate, seen as one of the higher vacancy rates within San Diego County. This survey collected data on 496 units with a total of eleven vacant units within San Marcos. Among the eighteen cities surveyed in San Diego County, San Marcos had the fourth highest vacancy rate out of all cities for each unit type. Vacancy rates were anywhere between 0%[20] to 14.3% (Fallbrook/Rainow). All cities included in the SCRHA survey saw a decline in vacancies from Summer 2021 to Summer 2022. **Figure 4** shows rental vacancy rates for Spring 2022 among San Diego cities included in SCRHA's survey.

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[18] Browne. (n.d.). *Know Your Indicators: Vacancy Measures*. U.S Department of Housing and Urban Development. Retrieved May 10, 2023, from https://www.huduser.gov/portal/pdf/hsg_mrkt/Browne_Vacancy_Rates.pdf

[19] City of San Marcos. (2021, July). *2021 - 2029 Housing Element*. Retrieved May 10, 2023, from https://www.san-marcos.net/home/showpublisheddocument/25740/637689416879030000

[20] Jurisdictions with a zero percent vacancy rate include Coronado, Del Mar, Lakeside, Lemon Grove, Solana Beach La Mesa, and Carlsbad

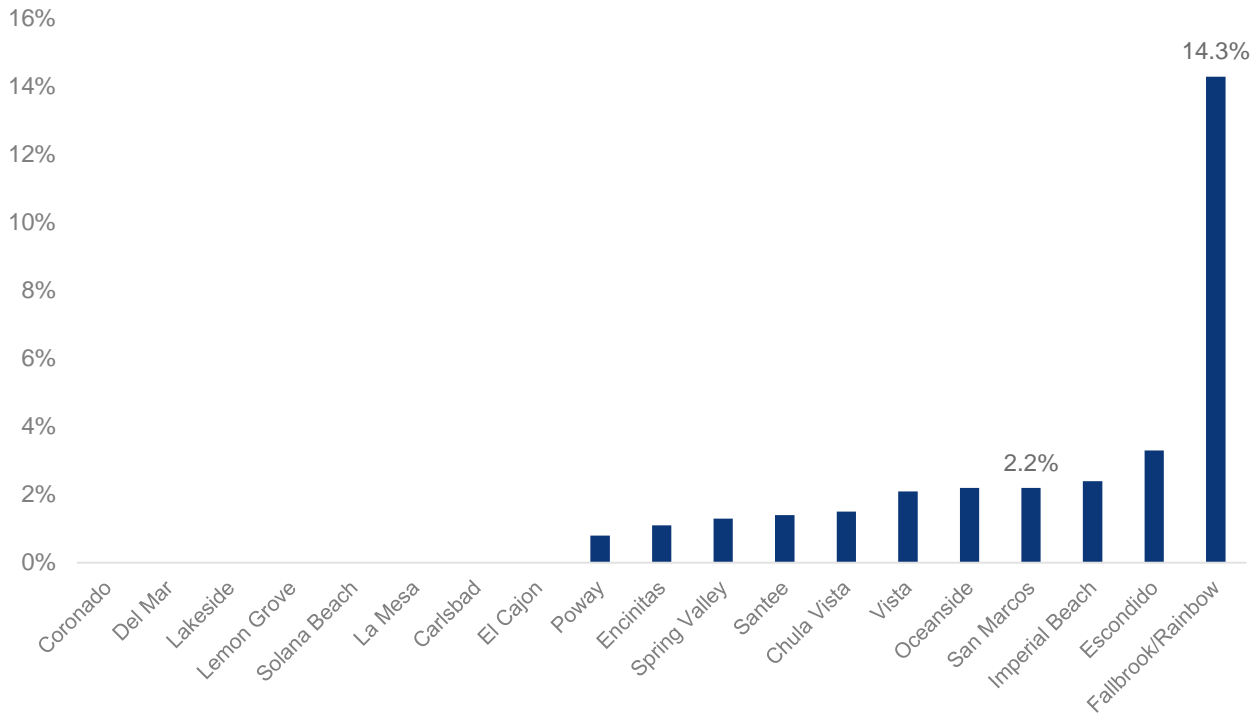**FIGURE 4: RENTAL VACANCY RATES IN SAN DIEGO COUNTY**

California and Nationwide

Historically, California has had lower rental vacancy rates compared to most other U.S regions,[21] mostly due to high demand and a limited supply of available properties; due to high homeownership costs in major California metropolitan areas, many households also choose to rent.[22] California's rental vacancy rate was 3.9% in 2022, down from 4.3% in 2021, and the home vacancy rate was at a historical low of .8% in Q2 2022.[23] **Figure 5** shows changes in rental vacancy rates from 2021 to 2022 in San Marcos, in San Diego County, across California and nationwide.

Rental Vacancy Rates		
Location	**2021**	**2022**
San Marcos	-	2.2%
San Diego County	2.9%	1.25%
California	4.3%	3.9%
Nationwide	6.2%	5.8%

FIGURE 5: RENTAL VACANCY RATES

The U.S Census Bureau has administered the Housing Vacancy Survey (HVS) since 1956, which provides quarterly estimates of both the rental vacancy rate and the homeowner vacancy rate. Rental vacancy rates in the U.S have steadily declined since 2009 (from a peak of 11.1%), and as of January - March 2022, was 5.8%.[24] Nationwide, housing vacancy rates are at their lowest point during any period since 1985. Since the pandemic, the rental vacancy rate has declined 0.6 percentage points between December 2019 and January 2022, from 6.4% to 5.8%.[14]

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[21] Rental Vacancy Rate for California. St. Louis Federal Reserve Economic Data, 15 Mar. 2023, https://fred.stlouisfed.org/series/CARVAC.

[22] California's High Housing Costs: Causes and Consequences. (2015, March). California's High Housing Costs: Causes and Consequences. Retrieved May 10, 2023, from https://lao.ca.gov/reports/2015/finance/housing-costs/housing-costs

[23] *Rental Vacancy Rate in the United States*. (2023, May 3). Rental Vacancy Rate in the United States St. Louis Federal Reserve. https://fred.stlouisfed.org/series/RRVRUSQ156N

[24] *Homeowner and Rental Vacancy Rates Declined During COVID-19 Pandemic*. (2022, May 25). U.S Census Bureau. Retrieved May 10, 2023, from https://www.census.gov/library/stories/2022/05/housing-vacancy-rates-near-historic-lows.html

Homeowner vacancy rates across the U.S are also at a historical low. The homeowner vacancy rate for Q1 2022 was 0.8%, which is the first time in the 66-year history of the HVS that homeowner vacancy has been so low.[24] Due to the pandemic's tightening effects on the U.S housing and rental markets, housing availability is severely limited by historical standards.

RENTAL MARKETS

Analyzing local rental market trends over time can be a useful tool when assessing economic displacement in housing, as they are more sensitive to changes in comparison to home prices. Interpreting economic displacement in housing can be determined in multiple ways when analyzing rental market fluctuations, including surveying properties to collect data on the prices of rental properties over time, which can show where rental prices might be rising more rapidly. This *Economic Displacement Risk Analysis* collected both publicly available data where appropriate and was also informed by data provided by rental housing professionals who were surveyed in *SCRHA's Spring 2022 Rental Market and Vacancy Rate Survey*.

When there is more economic uncertainty, renters may have to leave their residence involuntarily to find a more affordable unit or home to rent, which could lead to increased vacancy rates and drive rental prices down. It is also important to note that cities with a large number of vacation properties or short-term rentals could also see a reduction in the supply of available properties, and a corresponding increase in prices in the rental market.[25]

San Marcos

Among the cities within which properties were surveyed in *SRCHA's Spring 2022 Vacancy and Rental Rate Survey*,[3] San Marcos saw one of the smallest percent increases in rental prices from Spring 2021 to Spring 2022. Between Spring 2021 and Spring 2022 in San Marcos, average rental prices across studio, one bedroom, two bedroom, and 3+ bedroom rental housing units increased from $1,963 to $2,111, representing an 8% increase.

In addition to the survey, the City of San Marcos conducted a rental market analysis in November 2022 by surveying properties and collecting data on rental information and the prices of studio, one bedroom, two bedroom, and three-bedroom rentals. **Figure 6** below includes data collected from the November 2022 San Marcos Market Rent Analysis. Fall 2021 data were collected from publicly available sources.[11]

Average Rents	Studio	1 Bedroom	2 Bedrooms	3 Bedrooms	Average
Fall 2021	$2,000	$2,348	$2,848	$3,248	$2,611
Fall 2022	$2,848	$2,513	$2,865	$3,565	$2,948
Percent Change	+42%	+7%	+1%	+10%	+13%

FIGURE 6: AVERAGE RENTS, SAN MARCOS, NOVEMBER 2022

California state law mandates that housing planning in all cities must address the needs of residents from different socioeconomic backgrounds.[26] To accomplish this, cities collaborate with developers to provide housing at reduced rates to individuals with lower or moderate incomes.[26] The City of San Marcos's inclusionary housing requirement, which requires that developers include a 55-year affordability term for applicable units, led to the development of a large portion of the City's affordable housing stock. In 2020, forty-four affordable housing developments were located in San Marcos.[19] There are no subsidized housing units within San Marcos currently at risk of converting to market-rate prices.[19]

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[25] Cohen, & Pettit. (2019, April). *Guide to Measuring Neighborhood Change to Understand and Prevent Displacement*. Urban.org. Retrieved May 10, 2023, from
https://www.urban.org/sites/default/files/publication/100135/guide_to_measuring_neighborhood_change_to_understand_and_prevent_displacement.pdf
[26] *Affordable Housing: More than a Mandate*. (2019, October). San Marcos. Retrieved May 10, 2023, from https://www.san-marcos.net/Home/Components/News/News/4996/

San Diego County

Based on publicly available data (**Figure 7**) collected from Zumper, the largest privately-owned rental platform in North America,[27] most cities included in the SCRHA's Spring 2022 Rental & Vacancy Rate Survey saw an increase in rent from November of 2021 to November of 2022. Solana Beach was an exception, experiencing a slight decrease of 3% in average rent prices ($3,713 and $3,593).[28] Where sufficient data did not exist for Fall 2021 rental prices, this analysis used the closest month available to November 2021.

The towns of National City, Carlsbad and Poway saw 18%, 19% and 20% average increases in rent, respectively. Bonita, a city just southeast of San Diego City, saw a 28% increase in rental prices from the Fall of 2021 through the Fall of 2022.[27] An important note to consider in the data is that cities with fewer rental properties available may experience greater price variability in rental markets, as many households in some cities are owner occupied.

City	2021 Rent	2022 Rent	Average % Increase
Solana Beach	$3,713	$3,593	-3%
Encinitas	$3,450	3,478	1%
Escondido	$2,127	$2,288	8%
Lemon Grove	$2,220	$2,425	9%
Fallbrook/Rainbow	$2,090	$2,280	9%
Imperial Beach	$2,373	$2,609	10%
Ramona	$1,768	$1,953	10%
Oceanside	$2,000	$2,257	11%
Coronado	$4,206	$4,677	11%
El Cajon	$1,880	$2,095	11%
La Mesa	$2,205	$2,461	12%
Lakeside	$2,136	$2,389	12%
Spring Valley	$2,000	$2,256	13%
Santee	$2,341	$2,639	13%
San Marcos	**$2,523**	**$2,880**	**14%**
Chula Vista	$2,343	$2,702	15%
National City	$2,021	$2,389	18%
Carlsbad	$2,743	$3,254	19%
Poway	$2,340	$2,639	20%
Bonita	$2,167	$2,773	28%

FIGURE 7: SAN DIEGO COUNTY INCREASES IN RENT 2021-2022

California

While California has one of the highest median rental rates in the country ($2,950 as of April 2023),[29] the state also has one of the highest median household incomes ($84,097) in the U.S.[30] California also has

[27]*Zumper - Houses, Condos, and Apartments for Rent*. (n.d.). Zumper - Apartments for Rent & Houses. https://www.zumper.com
[28] *Average Rent in Solana Beach, CA and Cost Information - Zumper*. (n.d.). Zumper - Apartments for Rent & Houses. https://www.zumper.com/rent-research/solana-beach-ca
[29] *California Rental Market*. (n.d.). Zillow. Retrieved May 10, 2023, from https://www.zillow.com/rental-manager/market-trends/ca/
[30] *U.S. Census Bureau QuickFacts: California*. (n.d.). Census Bureau QuickFacts. https://www.census.gov/quickfacts/fact/table/CA/PST045221

some of the strictest rent control laws in the country, which includes statewide rent control caps and city specific laws.[31] AB 1482, a law that imposes statewide rent caps on some residential rental properties in California, also includes a just cause requirement for any evictions where residents have occupied a rental unit for a specified period of time.[32]

Like San Marcos, many California municipalities, and local governments have implemented affordable housing programs, such as housing choice vouchers, the Low-Income Housing Tax Credit (LIHTC), and inclusionary zoning.[33]

Nationwide

The Bureau of Labor Statistics reports that in the first half of 2022, rental prices in the U.S increased on average 12.2% for new tenants, and 3.5% for existing tenants who signed a lease renewal.[10]

According to data from SRCHA's *Spring 2022 Rental and Vacancy Rate Survey*, San Marcos' 8% increase in rental unit prices is below the national average for new tenants moving to a new location.

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[31] *Rent Control Laws by State*. (2022, July 19). NMHC | Rent Control Laws by State. https://www.nmhc.org/research-insight/analysis-and-guidance/rent-control-laws-by-state/

[32] *AB 1482 - Statewide Rent Cap Archives*. (2023, April 28). AB 1482 - Statewide Rent Cap &Bull; California Apartment Association. https://caanet.org/topics/ab-1482/

[33] *HUD Resource Locator*. (n.d.). HUD Resource Locator. https://resources.hud.gov

EVICTION FILING RATES

Rental evictions can be defined as the forcible removal of a tenant by a residential property owner or can also include tenants voluntarily moving out of their rental unit at the request of a rental owner or property manager.[15]

Eviction filing rates can be a useful proxy indicator for measuring economic housing displacement. Evictions serve as one indicator of housing insecurity, and by locally tracking eviction rates and analyzing trends over time, housing authorities and policy makers can more accurately assess the extent to which economic housing displacement may be occurring. It is important to note that eviction filing rates will not capture those households who move voluntarily due to economic burdens or rising costs in housing.

San Marcos
Across eighteen of San Diego County's jurisdictions and one unincorporated area, the average eviction filing rate was 57.37 filings per 1,000 renter-occupied homes through January 2018 to December 2022.[8] San Marcos's average rate of eviction filings was slightly above average at 61.54 per 1000 renter-occupied homes.[8]
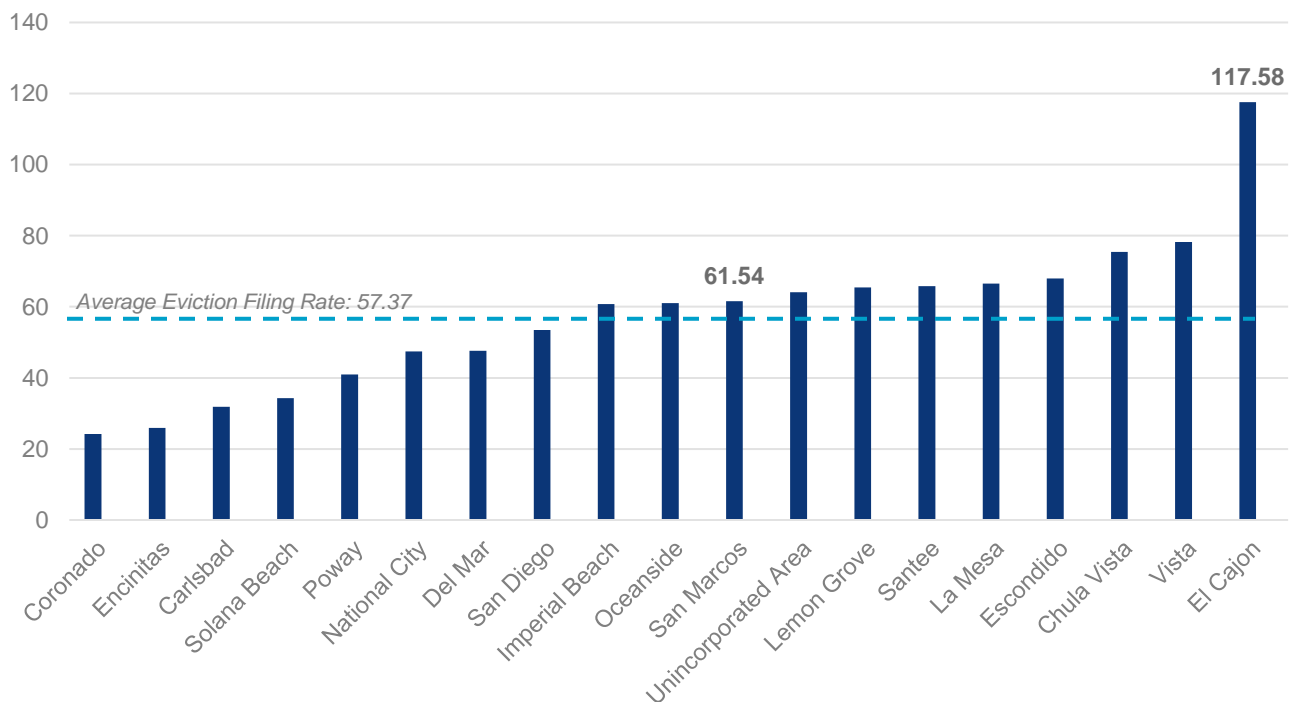

FIGURE 8: EVICTION FILING RATES BY JURISDICTIONS FOR SAN DIEGO COUNTY 2018 – 2022

San Diego County
Overall, the County of San Diego had an eviction filing rate of 1.7% in 2018, for an estimated total of 9,100 evictions, or twenty five eviction filings per day, against a population of around 3.3 million.[6] In 2019, the San Diego Eviction Prevention Collaborative was formed to better respond to and prevent avoidable evictions. This collaborative provides rental resources, tenant counseling, and workshops for those who may be facing

eviction.[34] It is important to note that an eviction filing does not necessarily mean that a household was evicted from their unit, only that an eviction notice was filed with the court. Eviction rates are covered in more detail in the *Housing Precarity* section of this report.

Figure 9 below includes data from the Homelessness Hub at UC San Diego,[8] obtained through the San Diego Superior Court, which shows eviction filing counts for January 2018 through December 2022. From January 2018 through December 2022, there was an average of 389 evictions filed per month in the County of San Diego.[37] The City of San Marcos initially adopted an eviction moratorium on March 24th, 2020, but this protection was superseded by the passing of *California AB 3088,* otherwise known as "*The Tenant, Homeowner and Small Landlord Relief and Stabilization Act of 2020*".[35] This original statewide eviction moratorium was from March 2020 through January 2021, but was then broadened by SB 91 to extend to June 2021.[35]
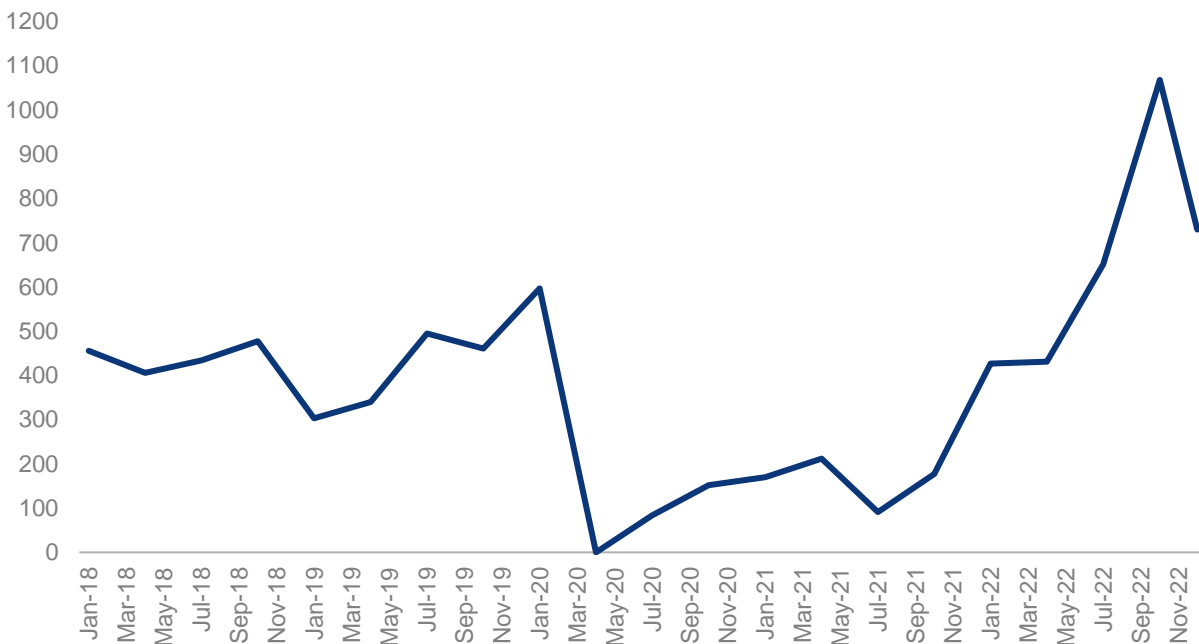

FIGURE 9: COUNTY OF SAN DIEGO EVICTION FILING RATES 2021-2022

California

As of 2018, the state of California has one of the lower eviction rates across the U.S, with 2.2 evictions filed for every 100 renter households, or 364 eviction filings per day.[6] In comparison, the state of Maryland has 69.6 evictions filed for every 100 renter households, or 1,500 eviction filings per day.[6]

Nationwide

Publicly available data from the Eviction Lab at Princeton University estimates that the national eviction filing rate across the country was 7.8% in 2018.[6] Estimates also found that the average actual eviction rate in the U.S between 2014 and 2016 was 2.6%, resulting in over 900,000 rented households being evicted annually.[36] According to the Homelessness Hub at UC San Diego, most rental evictions exist outside of any

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[34] *Eviction Prevention*. (n.d.). Housing Help SD. https://housinghelpsd.org/

[35] *Temporary Eviction Moratorium | San Marcos, CA*. (n.d.). Temporary Eviction Moratorium | San Marcos, CA. https://www.san-marcos.net/live/emergency-preparedness/covid-19-response/temporary-eviction-moratorium

[36] *Displaced in America: Mapping Property Loss Across the United States*. (2020, September). Displaced in America: Mapping Property Loss Across the United States. Retrieved May 10, 2023, from http://newamerica.org/future-land-housing/reports/displaced-america/

formal or official legal channel, which makes rental evictions challenging to accurately track.[37] The U.S government does not systematically collect data on evictions and most eviction filing records must be obtained through local courts.

[37] Nations, & Zheng. (2023, April 13). *Residential Eviction Filings in San Diego Superior Court*. ArcGIS StoryMaps. Retrieved May 10, 2023, from https://storymaps.arcgis.com/stories/c058e269f3854b7ab6a385d08c488b8a

INCOME AND POVERTY RATES

Collecting data on income and poverty rates can help determine if households are experiencing, or are at risk of experiencing, economic housing displacement. This data provides greater insight into the ability of a household or an individual to be able to afford or maintain housing. Reductions in income or increases in poverty can affect rental eviction rates and home foreclosures, two other data points used to measure economic housing displacement.

The City of San Marcos has a 9.3% poverty rate,[12] which is 2.3% less than the national average of 11.6% in 2021.[38] According to publicly available data from the 2015-2019 American Community Survey (ACS), 68% of households did not experience a housing cost burden (spending less than 30% of their gross income on housing costs), 17% reported a housing cost burden (between 30% and 50% of gross income), and 20% reported spending over half of their gross income on housing costs.[39]

While rental prices and home sale prices are higher overall in San Marcos in comparison to the national average, San Marcos has a $90,620[12] average household median income, roughly $20,000 higher compared to the national average of $70,784.[38]

[38] Creamer, Shrider, Burns, & Chen. (2022, September 13). *Poverty in the United States: 2021*. United States Census Bureau. Retrieved May 10, 2023, from https://www.census.gov/library/publications/2022/demo/p60-277.html
[39] *Consolidated Planning/CHAS Data*. (n.d.). U.S Department of Housing and Urban Development. Retrieved May 10, 2023, from https://www.huduser.gov/portal/datasets/cp.html

CLOSED HOME SALE PRICES

Rising home prices may reflect the potential for economic housing displacement to occur. When an area is experiencing rapidly rising home prices, this may be due to several factors, including gentrification, high demand or homes being in a desirable part of the city, and investor activity (such as short-term rentals).[40] Because of this rapid rise in home prices and decreased affordability, financially vulnerable households are forced to move.

Gentrification is a specific type of change in a neighborhood or city where higher-income households move into historically lower income-areas, which has the potential to change neighborhood composition and environment based on residents' income, economic activity, and culture.[41] Investor activity, such as short-term rentals (e.g., Airbnb) can increase housing prices in cities by reducing the supply of housing, which in turn leads to increased rents.[42]

San Marcos
The City of San Marcos has a 61% homeownership rate as of 2018, the fifth highest percentage in San Diego County, behind the cities of Poway, Santee, Carlsbad, and Encinitas.[44]

Between Summer 2021 and Summer 2022 in San Marcos, there was a $40,131 increase in the average price of closed home sales, or 2.4%, across condominiums, townhouses, duplexes, single-family residences, and homes manufactured on land. The median increase in closed home sale prices from Summer 2021 and Summer 2022 across all property types was 9.1% ($756,125 to $825,000).

Single-Family Homes

The average increase in closed sale prices for single-family residences alone was 3.8% ($1,055,921 to $1,096,051). The median closed home sale prices for single-family residences increased 3.8% in San Marcos from Summer 2021 and Summer 2022, from $948,888 to $985,000.

Below, **Figure 10** shows average single-family closed home sale prices stratified by square footage in San Marcos from Summer 2021 to Summer 2022. Single-family home prices increased more drastically for those homes between the 1,000 to 1,999 square foot range, and those homes between 5,000 and 5,499 square foot range.

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[40] *Displacement of Lower-Income Families in Urban Areas Report*. (2018, May). U.S Department of Housing and Urban Development. Retrieved May 10, 2023, from https://www.huduser.gov/portal/sites/default/files/pdf/DisplacementReport.pdf
[41] *Ensuring Equitable Neighborhood Change: Gentrification Pressures on Housing Affordability*. (2016, December). U.S Department of Housing and Urban Development. Retrieved May 10, 2023, from https://www.huduser.gov/portal/sites/default/files/pdf/Insights-Ensuring-Equitable-Growth.pdf
[42] Koster, van Ommeren, & Volkhausen. (2020, September). Short-term Rentals and the Housing Market: Quasi-experimental Evidence from Airbnb in Los Angeles. *Journal of Urban Economics*.
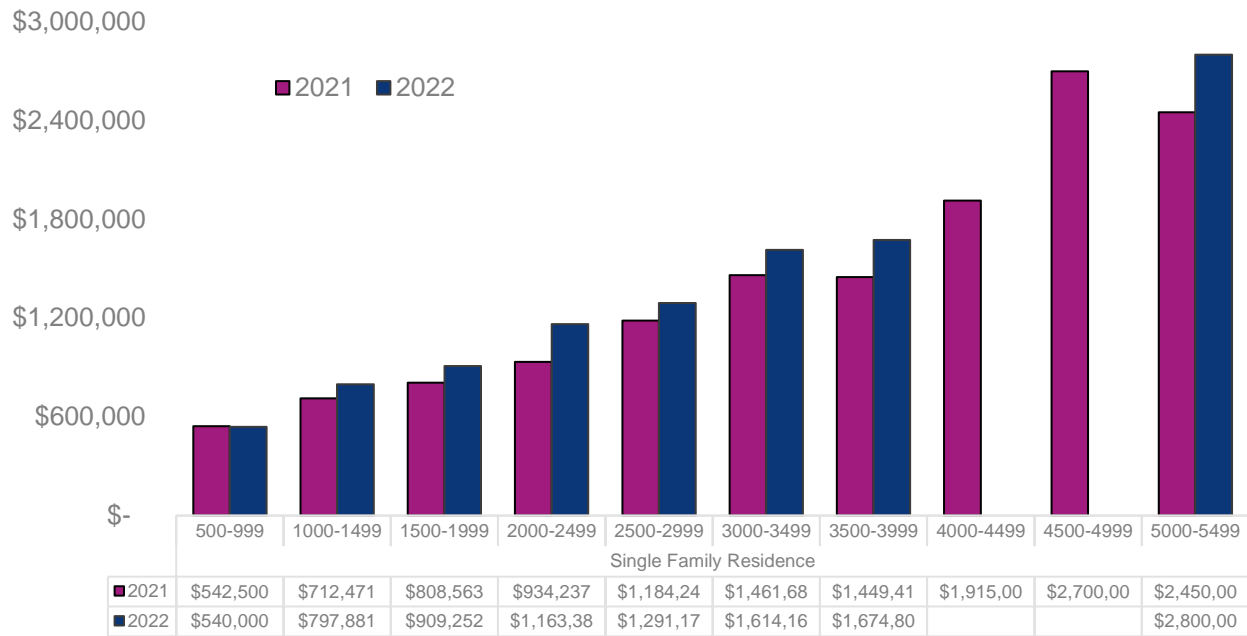
	500-999	1000-1499	1500-1999	2000-2499	2500-2999	3000-3499	3500-3999	4000-4499	4500-4999	5000-5499
				Single Family Residence						
2021	$542,500	$712,471	$808,563	$934,237	$1,184,24	$1,461,68	$1,449,41	$1,915,00	$2,700,00	$2,450,00
2022	$540,000	$797,881	$909,252	$1,163,38	$1,291,17	$1,614,16	$1,674,80			$2,800,00

FIGURE 10: SINGLE-FAMILY HOME CLOSED SALE PRICES BY SQUARE FOOTAGE 2021-2022

Townhomes and Condominiums

Condominium prices between Summer 2021 and Summer 2022 in San Marcos increased an average 4%, from $577,496 to $597,864. However, median closed sale prices for condominiums between Summer 2021 and Summer 2022 decreased by 3%. This increase in average condominium prices and a decrease in median prices can be attributed to a decrease in condominium sales from 2021 to 2022. The highest condominium closed sale price in 2022 was $883,000, compared with $1,020,000 in 2021.

Average and median closed sale prices for townhouses in San Marcos' increased more dramatically, with an average 23% increase over the year, from $604,111 to $741,886, while median closed sale prices for townhouses increased by 27%.

	Condominium Average Sale Price	Townhouse Average Sale Price
Summer 2021	$577,496	$604,111
Summer 2022	$597,864	$741,886
Percent Increase	*4%*	*23%*

FIGURE 11: CONDOMINIUM AND TOWNHOUSE PRICES

Below, **Figure 12** shows average closed home sale prices for condominiums and townhouses stratified by square footage. *Condominium* closed sale prices increased more dramatically for those with a 1,100 – 1,699 square foot range.

Townhouse closed sale prices most noticeably increased in the 1,700 and 2,299 square foot range, with a slight decrease in price from Summer 2021 to Summer 2022 for townhouses in the 500 – 1099 square foot range.
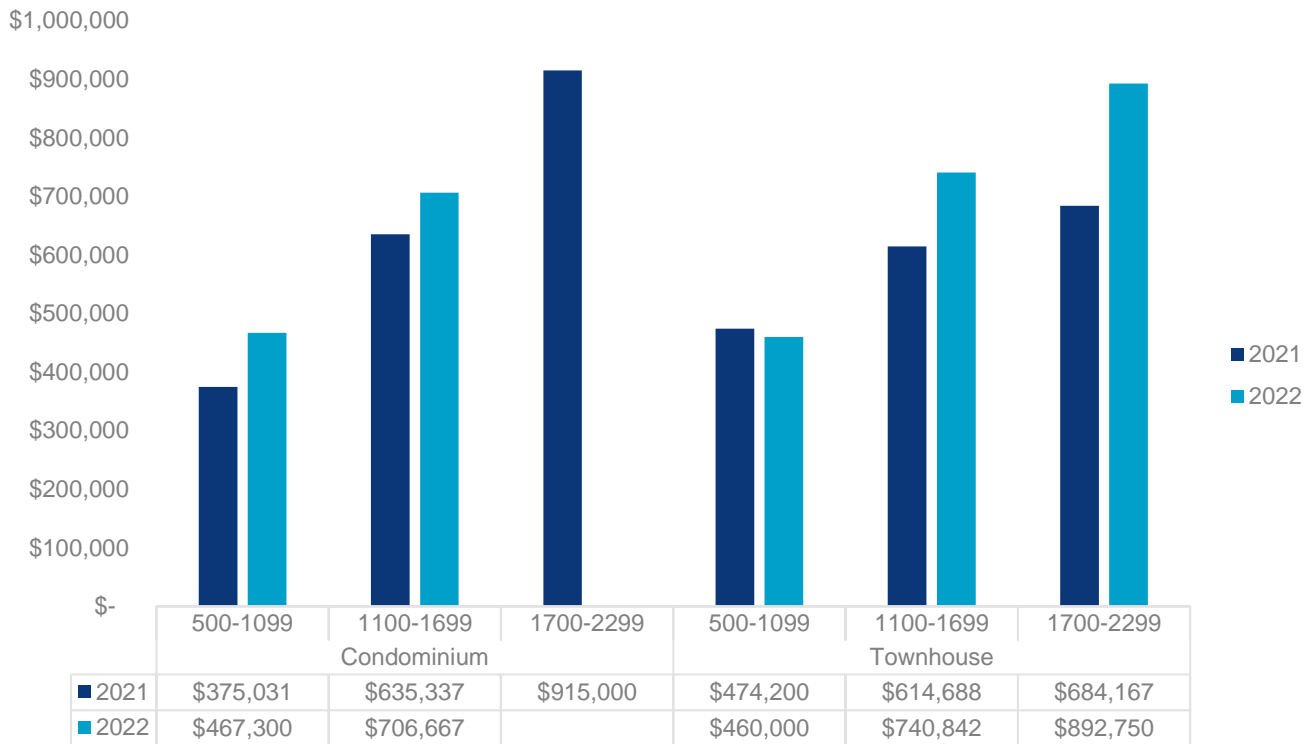
	500-1099	1100-1699	1700-2299	500-1099	1100-1699	1700-2299
	Condominium			Townhouse		
■ 2021	$375,031	$635,337	$915,000	$474,200	$614,688	$684,167
■ 2022	$467,300	$706,667		$460,000	$740,842	$892,750

FIGURE 12: CONDOMINIUM AND TOWNHOUSE CLOSED SALE PRICES BY SQUARE FOOTAGE 2021- 2022

San Diego County and California

Based on publicly available data, closed sale prices in San Diego County increased 9.5% from July 2021 to July 2022, from a median closed sale price of $760,000 to $832,000 for single-family homes, respectively.[43]

From 2017 to 2018, the Housing Affordability Index (HAI), which measures the percentage of households able to afford to purchase a median-priced home in the region, saw a 2% decrease, from 26% to 24%, which indicated that fewer residents in San Diego County could afford to purchase a median-priced home.[44]

California and Nationwide

The U.S housing market has experienced sustained, positive annual appreciation for every quarter since 2012.[45] Between Q4 of 2021 and 2022, house prices rose in all 50 states, with California having one of the

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[43] *San Diego Housing Market: House Prices & Trends*. (n.d.). Redfin. Retrieved May 10, 2023, from https://www.redfin.com/city/16904/CA/San-Diego/housing-market

[44] Jones, M., & Holguin, C. (2020). *Equinox Ten Year Trend Analysis: Housing*. University of San Diego. Retrieved May 10, 2023, from https://digital.sandiego.edu/npi-sdlife/4

lowest annual appreciation rates of 2.3%[45] From July 2021 to July 2022, Median list prices in California increased from $659,094 to $758,837, or 15%.[46]

Nationwide, the median sale prices increased by 17.4% from Q2 2021 to Q2 2022[47], up from $382,600 to $449,300. The average sales price of homes sold in the U.S increased from $446,000 in Q1 to $527,500 in Q2, or 18.3%.[48]

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[45] *U.S. House Prices Rise 8.4 Percent over the Last Year*. (2023, February). Federal Housing Finance Agency. Retrieved May 10, 2023, from https://www.fhfa.gov/Media/PublicAffairs/Pages/US-House-Prices-Rise-8pt4-Percent-over-the-Last-Year-Up-0pt3-Percent-from-Q3.aspx
[46] *California Home Values*. (2023, March). Zillow. Retrieved May 10, 2023, from https://www.zillow.com/home-values/9/ca
[47] St. Louis Federal Reserve. (2023, April 25). *Median Sales Price of Houses Sold for the United States*. Federal Reserve Economic Data. Retrieved May 10, 2023, from https://fred.stlouisfed.org/series/MSPUS
[48] St. Louis Federal Reserve. (2023, April 25). *Average Sales Price of Houses Sold for the United States*. Federal Reserve Economic Data. Retrieved May 10, 2023, from https://fred.stlouisfed.org/series/ASPUS

BUILDING PERMITS

Measuring economic housing displacement through economic growth or change can indicate changes in neighborhoods, such as demographic changes, which could lead to potential gentrification.[25] Building permit requests for new construction can provide an indication of increasing development within the area, which could affect the affordability of housing in the area.[25]

San Marcos

This *Economic Displacement Risk Analysis* collected and analyzed residential building permits issued from January 2021 through December 2022 in the City of San Marcos to examine trends in new multifamily and single-family issued building permits by zip code in the city of San Marcos.

The 92078 ZIP Code saw more building permits issued in 2021, both for new single-family (197) and new multifamily builds (31). The 92069 ZIP Code saw 170 and 13 new single-family and new multifamily building permits issued, respectively. There were several building permits issued that did not have an associated zip code in the City of San Marcos.

The average processing time for new single-family units in the City of San Marcos is typically anywhere from one to three months, assuming that no additional entitlements are required.[19] Building permits issued for new multi-family units typically range from six to eighteen months where additional entitlements, an environmental analysis, and public hearings with the Planning Commission or City Council are required.[19]

According to the 2021 – 2019 San Marcos *Housing Element Plan*, which uses data from City building permit records, there were 2,845 units constructed in San Marcos during the 2013-2021 Regional Housing Needs Allocation (RHNA) period, with 546 new units currently under construction, already constructed, or have building permits, that were issued in San Marcos since June 30th, 2020 to the time of the report's publication in July 2021.[19] The RHNA is a California state-mandated process that requires all local governments to plan for meeting the housing needs of their community. The state determines the necessary amount of affordable housing for each region, and regional governments allocate this need to local governments. Local governments then adopt housing plans, also known as housing elements, to demonstrate how they will mee their housing needs.[49]

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[49] *Regional Housing Needs Allocation (RHNA)*. (n.d.). California Department of Housing and Community Development. Retrieved May 10, 2023, from https://www.hcd.ca.gov/planning-and-community-development/regional-housing-needs-allocation
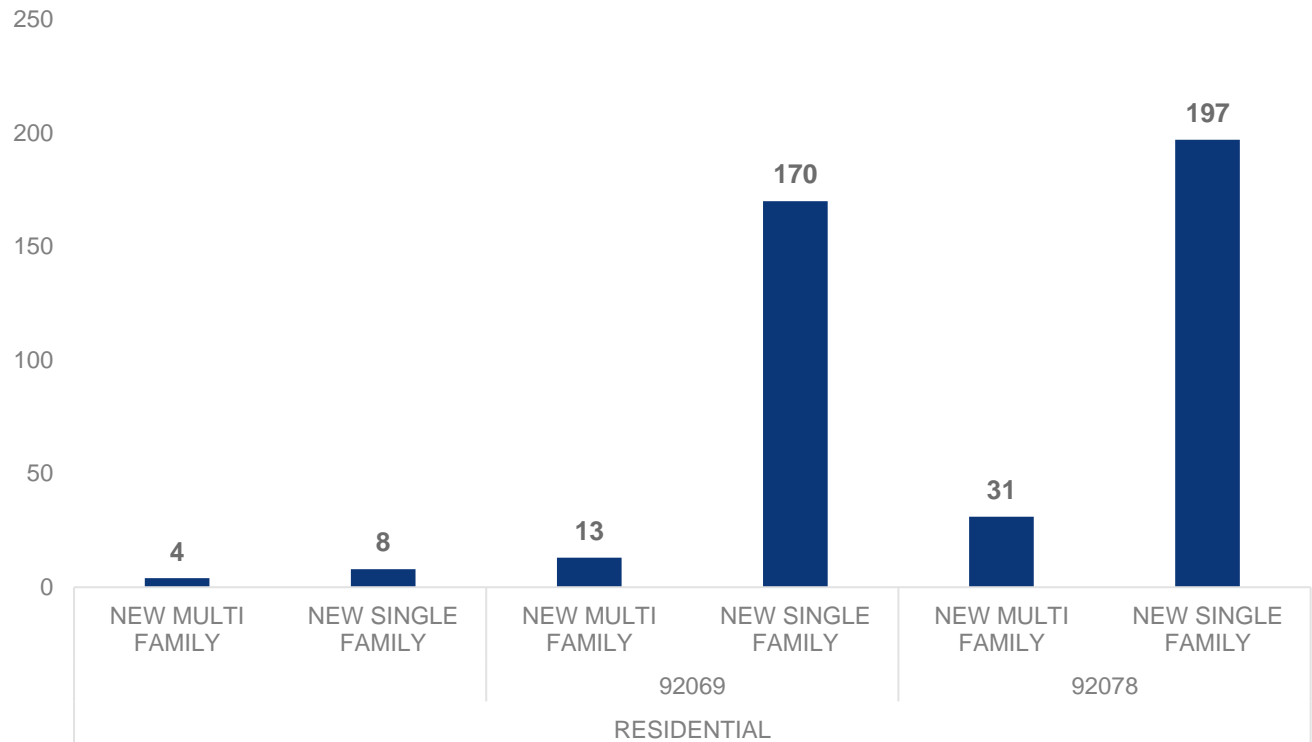
FIGURE 13: RESIDENTIAL BUILDING PERMITS ISSUED 2021-2022

San Diego County

Figure 14 below, using data from the United States Census, shows changes in the number of new privately-owned housing units authorized in the County of San Diego from 2020 – 2022.[50] In 2020, single-family units were around 31% of all privately-owned units authorized. In 2021, single-family units grew to nearly 37% of all privately-owned units authorized, and in 2022, 38% of housing units authorized were single-family units, with the total number of authorized housing units decreasing from 10,823 in 2021 to 9,346 in 2022.

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[50] St. Louis Federal Reserve. (2023, April 25). *New Private Housing Units Authorized by Building Permits: 1-Unit Structures for San Diego-Chula Vista-Carlsbad, CA (MSA)*. Federal Reserve Economic Data. Retrieved May 10, 2023, from https://fred.stlouisfed.org/series/SAND706BP1FH
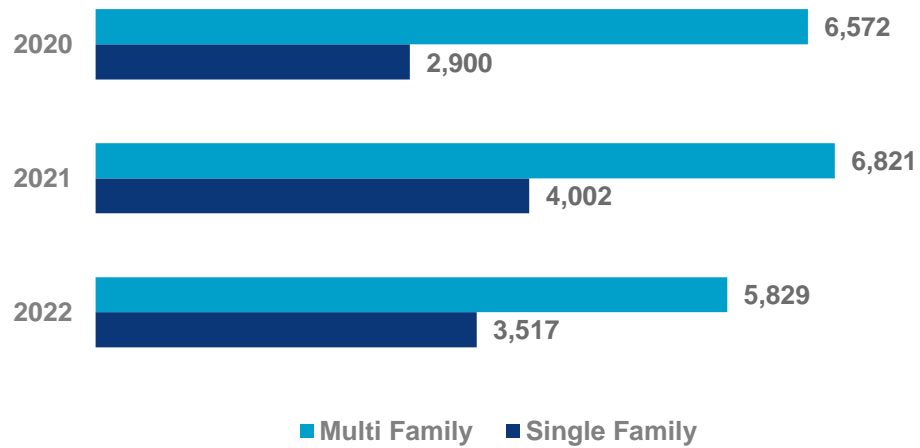
FIGURE 14: NEW, PRIVATELY-OWNED HOUSING UNITS AUTHORIZED IN SAN DIEGO COUNTY 2020 – 2022

CONCLUSION

Through this *Economic Displacement Risk Analysis*, the City of San Marcos has identified the risk of housing displacement and is committed to studying and preventing practices that increase or enable displacement. This report contributes to the collection of relevant and timely data that can help inform policy makers of potential economic housing displacement in San Marcos and provides recommendations to better measure and prevent economic housing displacement, particularly in cases where measuring displacement can be challenging.

This analysis includes data provided by the City of San Marcos in combination with publicly available data from sources such as the St. Louis Federal Reserve Bank, the American Community Survey, the Census, and property rental and home sales platforms such as Zillow, Redfin, and Zumper, to measure potential economic housing displacement in San Marcos. As such, this report provides builds on analyses previously conducted in San Marcos's *2021-2029 Housing Element Plan* by examining trends in the vacancy rates and availability index, changes in rental market prices and closed sale prices, and compiles composite data from the Housing Precarity Risk Model, which also measures eviction risk, displacement vulnerability, unemployment, and neighborhood segregation.

The data shows that overall, the City of San Marcos has a low risk of economic displacement, although some census tract areas are at an increased risk of economic displacement due to high renter populations, tract median income, and average price of rentals. San Marcos has a slightly higher vacancy rate in comparison to other cities within San Diego, and a higher vacancy rate in comparison to San Diego overall. Overall, based on property sales data between the Summer of 2021 and 2022 provided by San Marcos, closed home sale prices saw a less than average increase in comparison to nationwide rates.

Based on data collected from *SRCHA's Spring 2022 Rental and Vacancy Rate Survey,*[51] San Marcos's rental rate increases are less than those seen in most other cities within San Diego County and are below the national average in rental rate increases for new tenants.

LIMITATIONS

While this report compiled data from multiple sources, both from the Southern California's Rental Housing Authority (SCRHA) and publicly available data, there are several limitations in the data. Currently, it is difficult to consistently obtain accurate measurements of involuntary residential mobility caused by economic housing displacement, as various indicators used to track this issue produce inconsistent data. For example, studies may have different methodological approaches that differ in how and what data is collected, and the rigor of their statistical analysis. Because of differences in how data is collected and analyzed from multiple public sources, some estimates are not reliably comparable.

The SCRHA *Spring 2022 Rental and Vacancy Rate Survey* collected data from nine properties that included three properties with units with one bedroom, five properties with units with five bedrooms, and one property with units with three or more bedrooms. This sample size may not be generalizable to the entirety of San Marcos.

The Housing Precarity Risk Score Model, developed by UC Berkely's Urban Displacement Project, was created using 2010 U.S Census data. Due to changes in population size, some census tracts have merged or split into two or more tracts since the 2010 Census and have been updated in the 2020 Census. Most of the census tracts, however, have remained largely the same. Changes in census tract population size, demographics, area median income, and poverty, may have changed between census years, and so it is

important to use the data from the model in conjunction with other U.S census or local-level data sources to gain the most accurate representation of census-level and neighborhood outcomes.

Publicly available data from multiple sources can often report different figures for the same measurement. The American Community Survey (ACS) provides more reliable data on rent for larger areas, but only surveys a sample of residents for a given neighborhood, which makes it difficult to assess neighborhood-level information on current trends in the rental market. For example, as of 2023, the ACS estimates median rent between 2017-2021 in California at $1,698,[30] whereas Zillow, a popular rental website, estimates median rent in California at $2,950 at the time of this report.[29] Due to variations in methodological approaches, it is important to exercise caution when evaluating and comparing publicly available data.

RECOMMENDATIONS

Measuring economic displacement is complex due to the difficulty in measuring outcomes or indicators for displacement and can leverage multiple methodological approaches. Researchers and policymakers can use a combination of measures to gain a more comprehensive understanding of economic housing displacement. Rigorous data collection on housing and economic related factors would help to provide more affordable housing, as housing authorities and policy makers will be better equipped to respond to changes in markets that could lead to economic housing displacement.

PCG has included several different measures as part of our recommendations that can be used in combination with other data collection methods or sources to provide a more complete analysis of economic housing displacement.

1. *Structured, Ongoing Analysis of Rental Listings & Tenant Exit Surveys*

Analyzing rental market trends can help policy makers identify where gentrification or economic displacement in housing is occurring or has the potential to occur. Examining these trends could also include an exploration of the reasons why tenants are leaving their rental unit, as opposed to just gathering population-level data on residential mobility, and researchers could measure trends in these reasons over time. Property managers could systematically survey outgoing tenants and provide anonymized data to local housing authorities. This approach is known as *a motivational approach* because it traces both individual mobility as well as the reasons why a household moved to determine whether that move was involuntary.[52]

2. *GIS Mapping*

Using spatial analytical software, such as Geographic Information Systems (GIS), researchers can map demographic data to changes in housing and rental markets. Researchers and policy makers can leverage this data to conduct a gap analysis to identify where demographics of a population have changed over time. These changes in demographics could potentially indicate that economic housing displacement is occurring.

3. *Focus Groups*

Using focus groups can help gain insights into rent burden, including perspectives from both property managers, property owners/landlords and tenants. To provide a more comprehensive assessment of household rent burden, focus groups should include a diverse representation of community residents and property managers. To ensure a diverse representation, the focus group should consist of community

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[52] Carlson. (2020, September). *Measuring Displacement: Assessing Proxies for Involuntary Residential Mobility*. Retrieved May 10, 2023, from https://www.hjacobcarlson.com/publication/carlson-2020/carlson-2020.pdf

residents from a variety of income levels, including long-time residents, as well as property managers who oversee units that accept housing vouchers or are constructed using Low-income Housing Tax Credits.

4. *Homeownership and Foreclosure Data*

Collecting data on homeownership rates and foreclosures can be useful to identify trends in the housing and rental market at the neighborhood or census tract-level, zip code-level, or individual city or a metropolitan statistical area over time. Housing authorities and policy makers can look at changes in homeownership over time to better understand housing burden. Likewise, analyzing publicly available data on local foreclosure and eviction rates can help track changes in mortgage and rent burden over time.

5. *Unhoused Census*

A periodic "Unhoused Census," as measured through a point-in-time count of sheltered and unsheltered people experiencing homelessness on a single night[53], may be planned and conducted locally, and, if held on an annual or bi-annual basis, can help determine if there have been year-over-year changes in people experiencing homelessness. If there is a noticeable rise in homelessness in areas where housing costs have increased or affordable housing has decreased, it is possible that economic housing displacement is occurring or has the potential to occur. Like other recommendations, point-in-time counts should be used alongside other data collection methods to obtain a more comprehensive understanding of the local economic conditions that may contribute to economic housing displacement.

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[53] *Point-in-Time Count and Housing Inventory Count*. (n.d.). U.S Department of Housing and Urban Development Exchange. Retrieved May 10, 2023, from https://www.hudexchange.info/programs/hdx/pit-hic