

Business

MARKETS

▲ 90.75 Dow	31,990.04
▼ 51.45 Nasdaq	11,782.67
▲ 5.21 S&P 500	3,966.84
▲ 0.04 10-yr. T-note	2.82%
▲ \$2.00 Oil	\$96.70
▼ \$8.10 Gold	\$1,719.00
▼ \$0.30 Silver	\$18.29
Euro	0.9784
Peso	20.4432

WALL STREET FINISHES MIXED: Wall Street capped a choppy day of trading with a mixed finish for stock indexes Monday, as investors brace for another sharp interest rate hike by the Federal Reserve this week. The S&P 500 edged up 0.1 percent after fluctuating between gains and losses. The Dow rose 0.3 percent, while the tech-heavy Nasdaq fell 0.4 percent. Story, C2.

BRIEFLY

TESLA SPENDS TO RAMP UP 2 FACTORIES: Tesla said Monday that it was increasing spending by about \$1 billion to ramp up its factories, develop new batteries and finance other projects. In a securities filing, Tesla said it expected capital expenditures to be \$6 billion to \$8 billion in 2022, up from an April forecast of \$5 billion to \$7 billion. Tesla CEO Elon Musk has complained recently of startup problems at new factories near Berlin and Austin, Texas, describing them as “money furnaces” that were draining resources without producing enough cars. Amid what Musk described as “supply chain hell,” Tesla’s profit and deliveries declined in the second quarter compared with the first three months of the year.

3 BOEING FACTORIES FACE STRIKE: Boeing workers at three St. Louis-area factories are prepared to go on strike next month, union officials say, after members voted down the jetmaker’s latest contract offer. The strike is set to begin Aug. 1 at Boeing factories in St. Louis, Mo., St. Charles, Mo., and nearby Mascoutah, Ill., according to an announcement by the International Association of Machinists and Aerospace Workers District 837.

ZUCKERBERG’S SF HOME SELLS FOR \$31M: Facebook co-founder Mark Zuckerberg has sold his San Francisco house for \$31 million, the most expensive home sale in the city this year, according to The Real Deal. The Meta Platforms CEO paid about \$10 million for the house in November 2012, according to Redfin. Located in the secluded Liberty Hill neighborhood off Dolores Park, the more than 7,000-square-foot house is close to the Mission District and the Zuckerberg San Francisco General Hospital and Trauma Center. The tech billionaire owns several other properties in Silicon Valley, Lake Tahoe and Hawaii, according to Insider.

ALLEGIANCUTS PROFIT OUTLOOK: Allegiant Air’s parent company cut its prediction for second-quarter profit. Allegiant Travel Co. said after the market closed Monday that it expects to report earnings of 62 cents per share. That’s far below the \$1.36 per share that analysts were expecting. Costs have jumped for jet fuel and other expenses.

DIGITS

\$5.70

Average price of a gallon of unleaded gasoline in San Diego County. The price was \$6.28 a month ago.

U-T NEWS SERVICES

HOMETOWNSD ADDS TOP VENUE OPERATOR ASM GLOBAL TO TEAM

Partner joins JMI Sports in effort to sell its vision for new sports arena to city

BY JENNIFER VAN GROVE

One of the development teams vying for San Diego’s sports arena property has drafted a highly rated venue operator to help make its downsized-arena vision even more compelling to city leaders.

On Monday, the Monarch Group-led development team, HomeTownSD, announced the addition of ASM Global, a premier entertainment venue manager and event producer. ASM, a subsidiary of AEG, currently runs Pechanga Arena San Diego and was previously attached to Brookfield Properties’ Discover Midway plan, which was eliminated from the competition in May.

“With the addition of ASM Global, HomeTownSD is the only team with a partner who has operated, capitalized, developed and delivered multiple successful world-class arenas,” said Chuck Steedman, who is a con-



AO ARCHITECTS

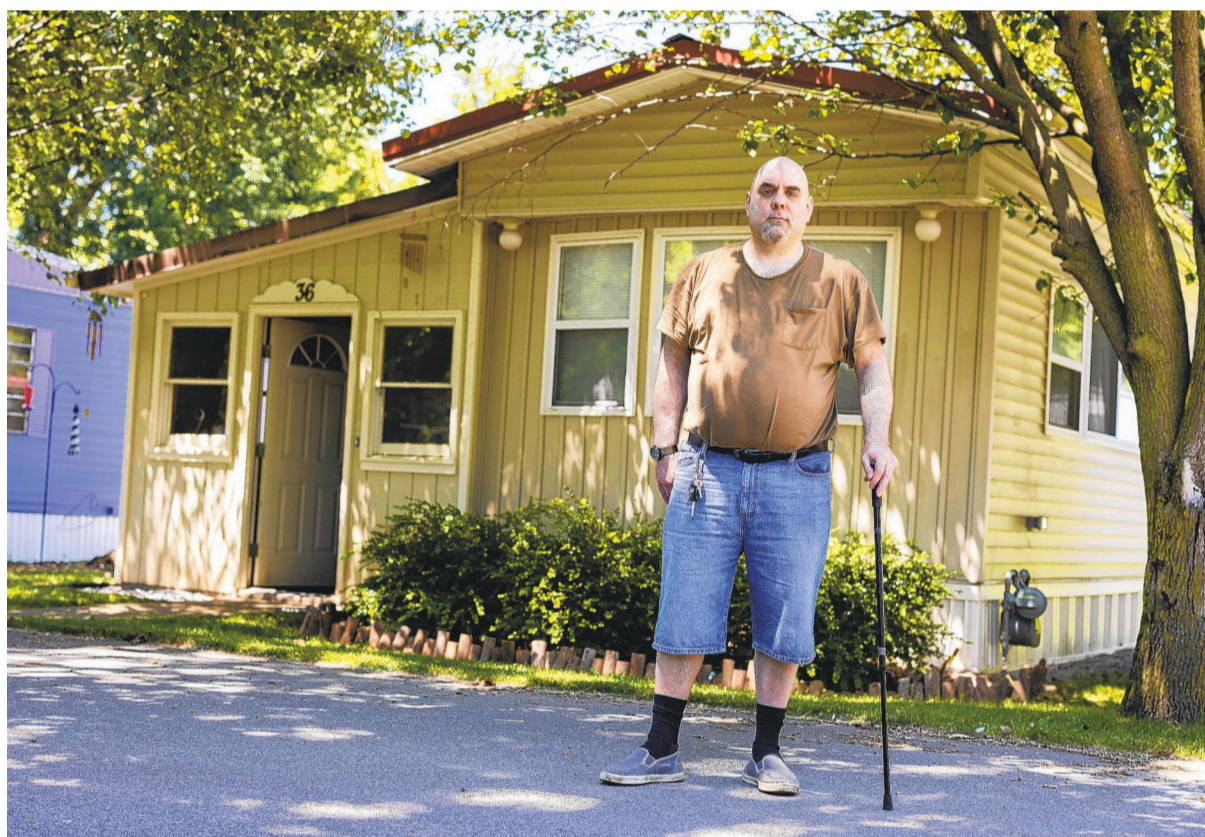
HomeTownSD’s proposal calls for a smaller-scale arena that can accommodate 10,000 people for events.

sultant with ASM Global and has led the firm’s local sports arena prospects. “Other teams simply have never done this.”

HomeTownSD is currently up against two opponents, Midway Rising and Midway Village+, in a city-run competition to lease and remake 48 acres of land at 3220, 3240, 3250 and 3500 Sports Arena Blvd.

Monarch Group and Essex Property Trust are teamed with affordable housing builder Eden Housing and sports real estate firm JMI Sports on the plan.

The proposal calls for an all-new, smaller arena that is the “right size” for the region’s minor league hockey and lacrosse teams. HomeTownSD SEE VENUE • C4



LAUREN PETRACCA AP

Jeremy Ward in front of his home in the Ridgeview Homes mobile home community in Lockport, N.Y. Ward is one of the residents at Ridgeview who formed an association and are refusing to pay rent.

RENTS ARE JUMPING AT MOBILE HOME PARKS

Institutional investors have swooped in on mostly low-income communities

BY MICHAEL CASEY & CAROLYN THOMPSON

For as long as anyone can remember, rent increases rarely happened at Ridgeview Homes, a family-owned mobile home park in upstate New York.

That changed in 2018 when corporate owners took over the 65-year-old park located in Lockport amid farmland and down the road from a fast-food joint and grocery store about 30 miles northeast of Buffalo.

Residents, about half of whom

are seniors or disabled people on fixed incomes, put up with the first two increases. They hoped the latest owner, Cook Properties, would address the bourbon-colored drinking water, sewage bubbling into their bathtubs and the pothole-filled roads.

When that didn’t happen and a new lease with a 6 percent increase was imposed this year, they formed an association. About half the residents launched a rent strike in May, prompting Cook Properties to send out about 30 eviction notices.

“All they care about is raising the rent because they only care about the money,” said Jeremy Ward, 49, who gets by on just over \$1,000 a month in disability payments after his legs suffered nerve damage in a car accident.

He was recently fined \$10 for using a leaf blower. “I’m disabled,” he said. “You guys aren’t doing your job and I get a violation?”

The plight of residents at Ridgeview is playing out nationwide as institutional investors, led by pri-

SEE MOBILE • C4

WALMART CUTS OUTLOOK AND SOME PRICES

Rising inflation causing shoppers to cut back on discretionary purchases

BY ANNE D’INNOCENZIO

Walmart on Monday lowered its profit outlook for the second quarter and the full year, saying rising prices on food and gas are forcing shoppers to cut back on discretionary items, particularly clothing, that carry higher profit margins.

That behavior is forcing the nation’s largest retailer, based in Bentonville, Ark., to step up discounts on general merchandise items like home furnishings and electronics to move inventory.

Walmart’s shares fell nearly 10 percent in after-hours trading Monday.

Walmart’s move to lower its profit outlook in the middle of the quarter is rare and raised worries about how inflation, at its highest point in 40 years, is affecting the consumer sector. The stocks of many major retailers, including Target, Macy’s and Kohl’s, fell after Walmart’s Monday



CHARLES KRUPA AP

Walmart’s move to lower its profit outlook in the middle of the quarter raised worries about how inflation is affecting consumers.

announcement. Several big consumer companies, including Amazon, McDonald’s and Procter & Gamble, are set to report their quarterly earnings results this week.

The warning follows reports by

Walmart, Target and other retailers in May that a faster-than-expected shopper shift away from items that were popular in the height of the pandemic, such as casual clothing and

SEE WALMART • C2

STARTUP SNAGS \$55M TO ADVANCE ‘BIG DNA’

Replay’s platforms help jump-start gene therapies

BY MIKE FREEMAN

Replay, a genomics toolkit startup with roots in San Diego, said Monday that it has landed \$55 million in seed capital to develop technologies for delivering next-generation gene and cell therapies.

Founded in 2020, Replay has dual headquarters here and in London. Currently, San Diego is home to administration, research and development, and other functions. Most of its 38 workers are based locally, said a company spokesperson. Co-founder Adrian Woolfson, executive chairman and president, will be based in San Diego.

Replay’s other co-founder, Chief Executive Lachlan MacKinnon, lives in London. The company plans to continue to have a footprint there to tap the pool of biotech talent in the United Kingdom. MacKinnon was on the founding team at Oxford Science Enterprises and is a founding investor in Base Genomics, ONI and OMass Therapeutics.

The company is developing a series of platform technologies that aim to better write and deliver emerging genomic therapies — including larger payloads of targeted medicines than current delivery methods can handle. Its large seed-funding round was led by KKR and OMX Ventures, with ARTIS Ventures, Lansdowne Partners, SALT, SEE STARTUP • C4

FED SET TO IMPOSE ANOTHER HEFTY RATE INCREASE

Three-quarter-point hike possible amid inflation battle

BY CHRISTOPHER RUGABER

Conflicting signs about the health of the U.S. economy have thrust the Federal Reserve into a difficult spot.

With inflation raging at a four-decade high, the job market strong and consumer spending still solid, the Fed is under pressure to raise interest rates aggressively.

But other signs suggest the economy is slowing and might even have shrunk in the first half of the year. Such evidence would typically lead the Fed to stop raising rates — or even cut them.

For now, though, the Fed is focused squarely on its inflation fight, and this week it’s set to announce another hefty hike in its benchmark interest rate. Together with its previous rate increases, the Fed’s moves will make borrowing costlier for individuals and companies and likely weaken the economy over time.

“Until there’s very clear evidence of the labor market beginning to meaningfully deteriorate, the No. 1 focus for the Fed must be inflation,” said Matthew Luzzetti, chief U.S. economist at Deutsche Bank.

When it ends its latest policy meeting Wednesday, the Fed is expected to impose a second consecutive three-quarter-point hike, elevating its key rate to a range of 2.25 percent to 2.5 percent. It will be its fourth rate hike since March, when it announced a quarter-point increase. Since then, with inflation setting new four-decade highs, the cen-

SEE FED • C4

VENUE

FROM C1 envisions a 225,000-square-foot venue on the eastern side of the property. The arena, which is being designed by AECOM, will have 8,000 fixed seats and the ability to expand to accommodate 10,000 people for games and shows. The arena could accommodate another 2,500 fans on outdoor concourses.

ASM will assist JMI Sports with all aspects of the proposed arena's development and operate the new venue once completed, Erik Judson, who is CEO of JMI Sports, told the Union-Tribune.

"We would be partners in every sense of the word," Judson said. "They have the operational experience that JMI Sports does not have. So although we'll be sitting in the chair as the lead development partner, they will be with us dealing with every single element of this project."

HomeTownSD's broader development plan calls for 3,250 residential units, a 300-

key hotel, 300,000 square feet of office and retail space, a 10,000-square-foot child care facility, and 18 acres of parks and open space spread across promenades and rooftops.

The addition of ASM to the HomeTownSD team introduces a new wrinkle in a competition where affordable housing has so far taken center stage. San Diego is required by the state to give priority to the proposal with the most units deed-restricted for low-income families. HomeTownSD ranks second in terms of affordable units with 1,726 units reserved for people making 80 percent or less of the area median income.

Proposals are currently being evaluated by San Diego's real estate department, with assistance from real estate investment management and services firm Jones Lange LaSalle. The city's consultant is vetting financial assumptions and the overall feasibility of the plans.

The due diligence is welcomed by HomeTownSD, as the team's arena vision differs substantially from those

pitched by the other groups. The team hopes that the addition of ASM, which runs more than 350 venues around the world, will help the arena vision come across as both compelling — and doable.

"We believe that we have the most cost-effective solution, with a single concourse serving patrons," Judson said. "(The arena) is also the right scale for the district. We think that the size of the arena is very important, of course, to the acts that happen inside the building, but also very important to the surrounding community."

The arena will cost \$250 million to \$300 million to build, according to early estimates, Judson said. An adjacent above-ground parking garage with 2,300 spaces for sports and entertainment fans will cost as much as \$100 million, he said.

San Diego's real estate department expects to recommend a winning proposal for City Council consideration later this year.

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STARTUP

FROM C1 DeciBio Ventures and Axial also participating.

Today, experimental cell and gene treatments are essentially transported to targets in a way that limits their capacity to haul "big DNA." So, they rely on small doses. Replay has uncovered techniques to increase the load. One method taps engineered herpes simplex virus to drop up to 30 times more genomic medicine than existing systems.

The company also is working on a synthetic biology cell resource for regenerative medicine; a genome-writing platform for synthetic genes; and an algorithm for rewriting proteins to pack more punch in therapies, among other things.

"Genomic medicine has the potential to transform the future of clinical therapeutics," said Woolfson, who held top research posts at Sangamo Therapeutics, Pfizer and Bristol Myers Squibb. "It has become clear that we require a more robust and comprehensive



COURTESY OF REPLAY

Replay co-founders Lachlan MacKinnon (left) and Adrian Woolfson.

toolkit of molecular genetic platform technologies to solve biology's most complex problems."

Under its business model, Replay separates its platform technologies, which are meant to be agnostic, from specific drug development efforts. When it finds a product target, it sets up a standalone company. So far, it has established five such companies, which are working on genomic treatments for cer-

tain skin, eye, brain and muscle conditions.

"Technology and product development have different talent requirements, timelines, costs and cultures," MacKinnon said in a statement. "By separating technology development from product development, we have generated a model to accommodate these differences."

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MOBILE • Critics say Fannie Mae and Freddie Mac have fueled the rent increases

FROM C1 vate equity firms and real estate investment trusts and sometimes funded by pension funds, swoop in to buy mobile home parks. Critics contend that mortgage giants Fannie Mae and Freddie Mac are fueling the problem by backing a growing number of investor loans.

The purchases are putting residents in a bind, since most mobile homes — despite the name — cannot be moved easily or cheaply. Owners are forced to either accept unaffordable rent increases, spend thousands of dollars to move their home, or abandon it and lose tens of thousands of dollars they invested.

"These industries, including mobile home park manufacturing industry, keep touting these parks, these mobile homes, as affordable housing. But it's not affordable," said Benjamin Bellus, an assistant attorney general in Iowa, who said complaints have gone up "100-fold" since out-of-state investors started buying up parks a few years ago.

"You're putting people in a snare and a trap, where they have no ability to defend themselves," he added.

Driven by some of the strongest returns in real estate, investors have shaken up a once-sleepy sector that's home to more than 22 million mostly low-income Americans in 43,000 communities. Many aggressively promote the parks as ensuring a steady return — by repeatedly raising rent.

There's also a growing industry, featuring how-to books, webinars and even a mobile home university, that offers tips to attract small investors.

"You went from an environment where you had a local owner or manager who took care of things as they needed fixing, to where you had people who were looking at a cost-benefit analysis for how to get the penny squeezed lowest," Bellus said. "You combine it with an idea that we can just keep raising the rent, and these people can't leave."



LAUREN PETRACCA AP

Joyce Bayles mows the lawn around her home in at Ridgeview Homes. The 85-year-old resident has taken to mowing her own lawn because crews for Ridgeview show up only monthly.

George McCarthy, president and CEO of the Lincoln Institute of Land Policy, a Cambridge, Mass.-based think tank, said parks containing about a fifth of mobile home lots nationwide have been purchased by institutional investors over the past eight years.

McCarthy singled out Fannie Mae and Freddie Mac for guaranteeing the loans as part of what the lending giants bill as expanding affordable housing. Since 2014, the Lincoln Institute estimates Freddie Mac alone provided \$9.6 billion in financing for the purchase of more than 950 communities across 44 states.

A spokesperson for Freddie Mac countered that it had purchased loans for less than 3 percent of the mobile home communities nationwide, and about 60 percent of those were refinances.

Soon after investors started buying up parks in 2015, the complaints of dou-

ble-digit rent increases followed.

In Iowa, Matt Chapman, a mobile home resident at a park purchased by Utah-based Havenpark Communities, said his rent and fees had almost doubled since 2019. Iowa Legal Aid's Alex Kornya said another park purchased by Impact Communities saw rent and fees increase 87 percent between 2017 and 2020.

"Many of the folks living in the park were on fixed incomes, disability, Social Security, and simply were not going to be able to keep pace," said Kornya, who met with about 300 angry mobile home owners at a mega-church. "It led almost to a political awakening."

In Minnesota, park purchases by out-of-state buyers grew from 46 percent in 2015 to 81 percent in 2021, with rent increases as much as 30 percent, according to All Parks Alliance For Change, a state association.

U.S. Sen. Jon Tester of Montana, speaking at a

Senate hearing this year, recalled tenants complaining of repeated rent increases at a Havenpark development in Great Falls. One resident, Cindy Newman, told The Associated Press her monthly rent increased \$117 to nearly \$400 over a year and eight months — equal to the increase over the previous 20 years.

On top of rent increases, residents complained of being inundated with fees for everything from pets to maintenance and fines for clutter and speeding — all tucked into leases that can run upward of 50 pages.

Josh Weiss, a Havenpark spokesperson, said the company must charge prevailing market rates when it purchases a park at fair market price. That said, the company has moved since 2020 to limit its rent increases to \$50 a month.

"We understand the anxiety that any rent increase has on residents, especially those on fixed incomes," Weiss said. "While we try to

minimize the impact, the financial realities do not change."

The mobile home industry argues the communities are the most affordable housing option, noting that average rent increases across parks nationwide were just over 4 percent in 2021. Spending on improvements was around 11 percent. Significant investments are needed, they said, to make improvements at older parks and avoid them being sold off.

"You have some people coming into the space that give us all a bad name, but those are isolated examples and those practices are not common," said Lesli Gooch, chief executive officer of the Manufactured Housing Institute, the industry's trade association.

Both sides said the government could do more to help.

The industry wants Federal Housing Administration financing made available to residents, many of

whom rely on high-interest loans to purchase homes that cost on average \$81,900. They also want the U.S. Department of Housing and Urban Development to allow housing vouchers to be used for mobile homes.

Advocates for residents, including MHAction, want lawmakers to put a cap on rent or require a reason for an increase or eviction — state legislation that succeeded in Delaware this year but failed in Iowa, Colorado and Montana.

They also want Fannie Mae and Freddie Mac to stipulate in loans they back that rents remain affordable. And they support residents purchasing their communities, which started in New Hampshire and has reached almost 300 parks in 20 states.

A Freddie Mac spokesperson said it has created a new loan offering that incentivizes tenant protections and last year made those mandatory for all future mobile home community transactions.

At Ridgeview, it's unclear how the rent strike will be resolved.

Cook, which claims to be the largest operator of mobile home parks in New York and has a slogan "Exceptional Opportunities. Exceptional Returns," declined to comment. The company closed a \$26 million private-equity fund in 2021 that purchased 12 parks in New York, but it was unclear if one of them was Ridgeview.

Residents, meanwhile, soldier on. Joyce Bayles, an 85-year-old resident, has taken to mowing her own lawn because crews show up only monthly. Gerald Korb, a 78-year-old retiree, said he's still waiting for the company to move an electric pole and transformer he fears could topple onto his home during a storm.

"I bought a place and now they are forcing all this on us," said Korb, who stopped paying rent in protest. "They are absentee landlords is what they are."

Casey and Thompson write for The Associated Press.

FED

FROM C1 tral bank has tightened credit ever more aggressively.

By raising borrowing rates, the Fed makes it costlier to take out a mortgage or an auto or business loan. In turn, consumers and businesses will likely borrow and spend less, cooling the economy and slowing price increases. The Fed's hikes have already led to a doubling of the average rate on a 30-year fixed mortgage in the past year, to 5.5 percent, and home sales have tumbled. The central bank is betting it can slow growth just enough to tame inflation yet not so much as to trigger a recession — a risk that many analysts fear may end badly.

The Fed's rate hikes aren't suited to address all the causes of high inflation. Higher borrowing rates can reduce spending. But they cannot reverse other factors, notably the global shortages of food, energy, factory parts and other items, which have been worsened by Russia's war against Ukraine and COVID-19-related shutdowns in China.

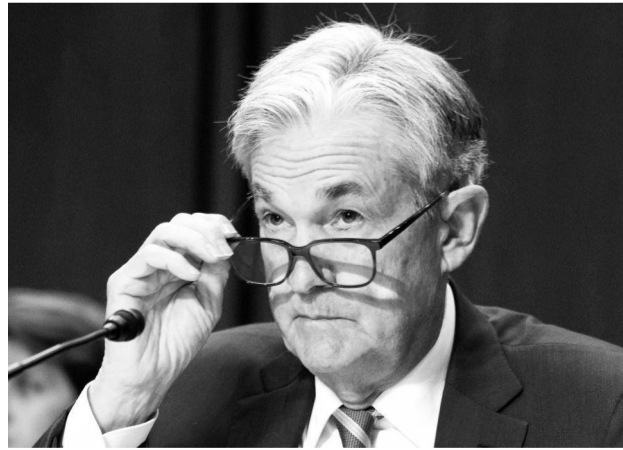
It will also likely take

months for the Fed's higher rates to reduce spending on airline flights, restaurant meals and other services. Many economists worry that this means the Fed will have to clamp down even harder on consumer and business demand, to bring it into balance with the economy's restricted supply of goods and labor.

A news conference that Chair Jerome Powell will hold Wednesday — and whatever signals, if any, he sends about the Fed's next steps — will draw intense interest. Since the Fed met in June, the government has reported that inflation accelerated to a 9.1 percent annual rate, the most since 1981. Though that jump reflected a spike in gas prices, which have since declined, inflation worsened even after excluding the volatile energy and food categories.

The nation's June jobs report showed that hiring has remained healthy, with employers adding 372,000 jobs last month. Employers' continued need for labor has been elevating wages and contributing to inflation as companies pass their higher labor costs on to customers in the form of price increases.

Oddly enough, though, despite the robust job mar-



MANUEL BALCE CENETA AP

Federal Reserve Chair Jerome Powell will hold a news conference on Wednesday.

ket and its role in keeping inflation high, by some measures the economy is barely growing, if at all. When the government reports Thursday on growth in the April-June period, it may show that the economy shrank for a second consecutive quarter.

Though two straight quarters of negative growth are sometimes seen as an informal definition of recession, few economists think the economy is in a downturn. Instead, recessions are defined by the National Bureau of Economic Research, a nonprofit group of economists. The NBER assesses a

broad range of data in determining recessions and places heavy weight on incomes and jobs. Economists note that employers have added 2.7 million jobs so far this year, which points to an economy far from recession.

If, as expected, the Fed raises its short-term rate this week to 2.25 percent to 2.5 percent, it would move it near a level that officials think neither stimulates nor discourages growth. After that, the policymakers could raise the rate in smaller increments to levels that would slow the economy. Fed officials have signaled that they expect to raise it to

a range of 3.25 percent to 3.5 percent by year's end.

On Wednesday, Powell is expected to hammer home the Fed's determination to raise rates until inflation falls, even at the risk of slowing growth too much.

"What we're looking for is compelling evidence that inflationary pressures are abating and that inflation is moving back down," he said at a news conference after the Fed's June meeting. "We'd like to see that in the form of a series of declining monthly inflation readings."

At a central banking forum last month in Portugal, Powell added: "Is there a risk that we would go too far? Certainly there's a risk, but I wouldn't agree that's the biggest risk to the economy. The biggest mistake to make would be to fail to restore price stability."

Other officials have made clear they expect the Fed to continue raising rates for the foreseeable future.

"I have not seen any convincing evidence that inflation has turned the corner," said Loretta Mester, president of the Federal Reserve Bank of Cleveland, earlier this month.

Still, the economy's conflicting signals have whiplashed Fed policy for months, leaving many ana-

lysts calling for a clearer message. In June, policymakers had signaled that a half-point rate hike was likely — until just before their meeting, when expectations abruptly shifted to a three-quarter-point increase.

And after the June inflation report showed that price increases were accelerating, Wall Street traders bet that the Fed would impose a full percentage point hike this week. That expectation, too, faded after several Fed officials dismissed the idea. The rapid swing in expectations was "borderline ridiculous," Krishna Guha, an economist at Evercore ISI, an investment bank, wrote to clients.

The policymakers should "lay out the thinking a little bit more of how they see the pace of rate increases going forward," said Ellen Meade, an economics professor at Duke University and a former senior Fed economist. "Will they react to a dramatic slowing in the economy if that should occur before they see inflation in a meaningful way? Having a little more information as to how they're thinking about it could be helpful."

Rugaber writes for The Associated Press.