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# Park Vista: State of the Union

# DRAFT

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Citizen Housing Corporation Board

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# Overview

**Background**

**Current State**

**Future Challenges**

**Options**

**Request of City Council**

# Park Vista Background

- Senior living facility owned by the City of El Segundo
- Built in 1987
- 97 residential units
- Rent for **new** rentals at 65% of market rate per month
  - 1 bedroom monthly = now \$1,635.00 vs \$1,487.00 in 2024 vs \$1,486.00 in 2023, \$1,152.00 in 2022
  - Studio monthly = now \$1,295.00 vs \$1,039.00 in 2024 vs \$1,039.00/month in 2023, \$846.00 in 2022.
- On average 5-7 units turn each year
- Approximately 70% of 97 units not paying 50% of market rates.

## Park Vista Background (2)

- Recently, rent increases of 2% have been passed annually The last instruction from City Council was an automatic 2% increase a year.
- Wait list of over 75 people
- What is the purpose of Park Vista?

### 1. Board Bylaws

Provide affordable housing opportunities for El Segundo Seniors

Promote the common good and general welfare of Senior Residents of the City of El Segundo

### 2. Plan of Operations

Provide a Quality Living Opportunity at an Affordable Cost

# Current State

## The Good News?

- Following an October Property Condition Assessment of Park Vista the City prepared a 20-year forecast showing Park Vista would be financially stable through 2045

## The Catch?

- The forecast was conditioned on: 1) continued 2% annual rental raises for current senior residents; and 2) a continuing annual contribution of \$200k from the City to the City's 504 Fund for Senior Housing
- Without the contributions Park Vista is operating in the red by 2040



# Future Challenges 1

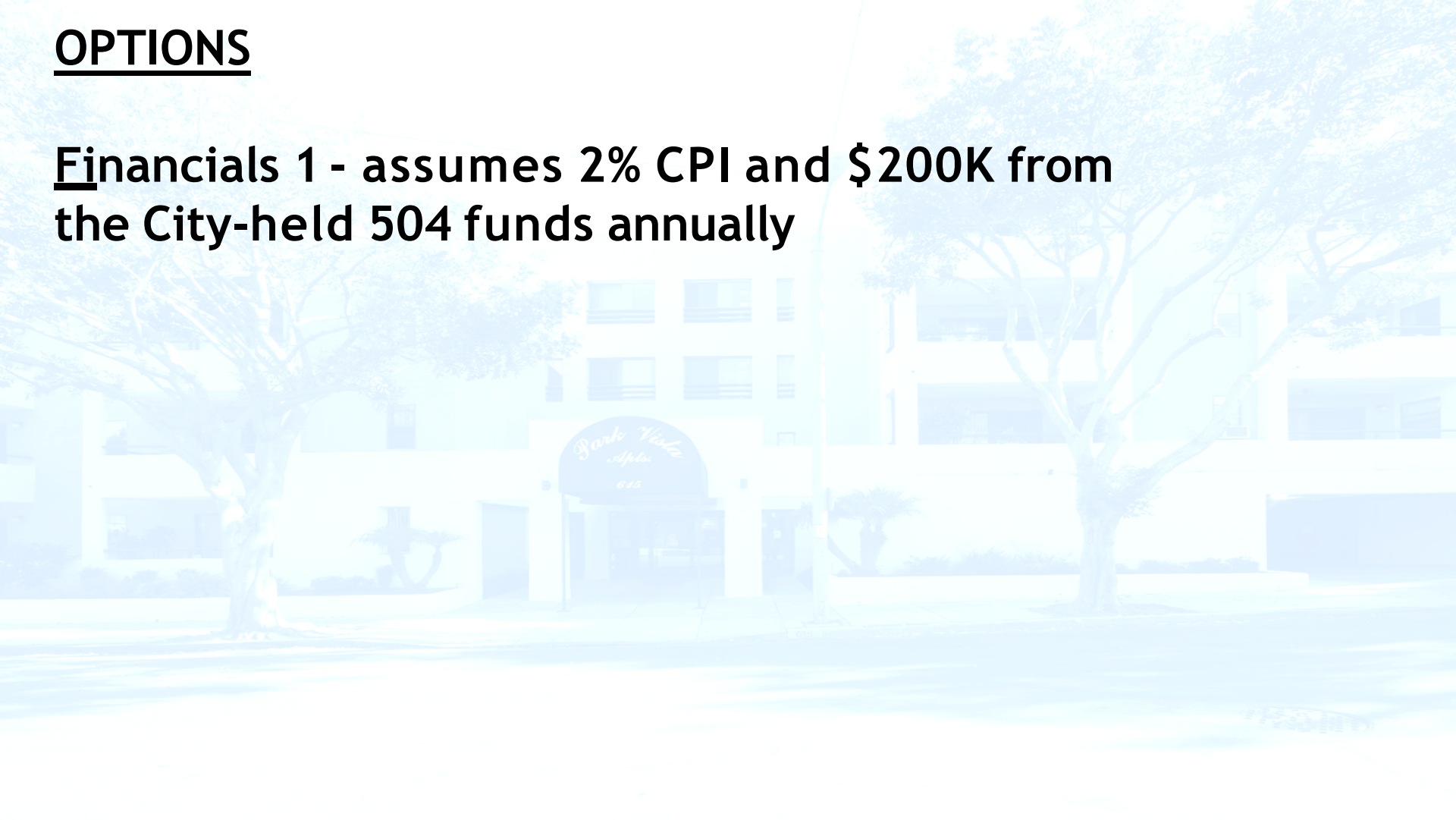
- The cost of capital expenditures, building maintenance, and building materials has gone up substantially from year to year.
- Beginning in 2029 projected capital expenditures per year range from \$200k - \$765k a year.
- Despite conservative projections unforeseen operational cost increases for things like upgraded security and insurance in California's volatile insurance market eat into the projected Park Vista budget/forecast.
- \$50,000.00 projected as a place holder for 2026 is already earmarked for improvements to the buildings gated entry, security, etc.

## Future Challenges 2

- Over the past few years the Board has recommended that the City charge new tenants 65% of market rates for like units.
- Even with the staggering increase in the rental market prices in El Segundo and the South Bay the Board believes that 65% of market rate is needed to continue to operate Park Vista as planned.
- Per the Plan of Operations Park Vista is supposed to 1) operate off its own rental income; and 2) hold a replacement reserve of 10% of operating expense + 2 years of capital.
- Lately we're seeing more frequently El Segundo senior residents pass on moving into Park Vista because they "can't afford it" or its "too expensive."

# OPTIONS

**Financials 1 - assumes 2% CPI and \$200K from the City-held 504 funds annually**





**Park Vista 20-year Forecast (Scenario: \$200k annual contribution from GF 2026, 2% CPI Rent Increase)**

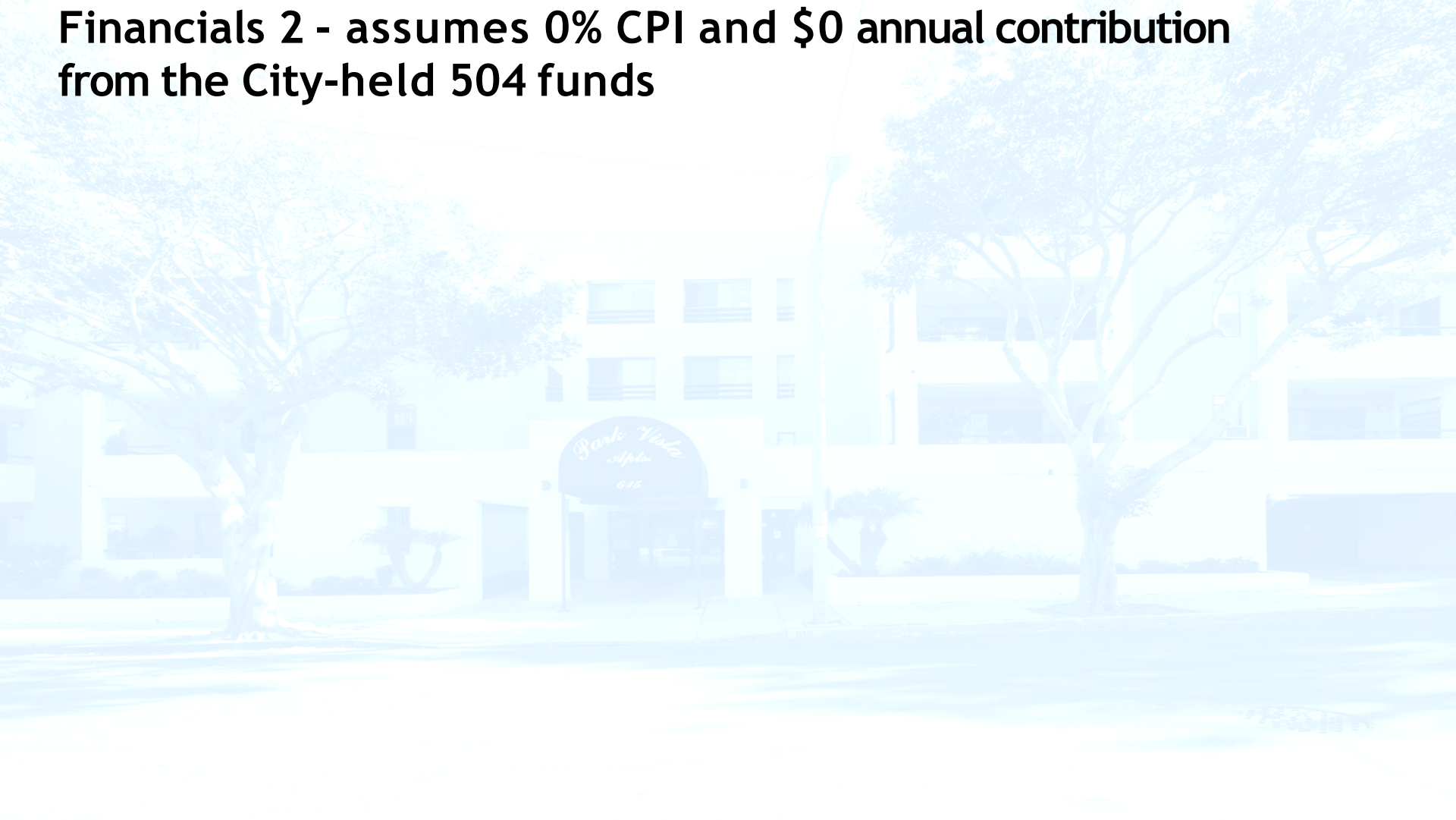
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Revenue	\$1,176,746	\$1,231,567	\$1,287,484	\$1,307,320	\$1,367,896	\$1,430,836	\$1,495,035	\$1,560,517	\$1,624,910	\$1,693,038	\$1,762,529	\$1,833,409	\$1,905,708	\$1,979,452	\$2,054,671	\$2,131,394	\$2,209,652	\$2,289,475	\$2,370,895	\$2,453,942
Expenses	(\$956,315)	(\$990,363)	(\$1,027,849)	(\$1,065,933)	(\$1,105,602)	(\$1,146,924)	(\$1,189,975)	(\$1,234,831)	(\$1,281,575)	(\$1,330,314)	(\$1,381,091)	(\$1,434,017)	(\$1,489,350)	(\$1,547,042)	(\$1,611,413)	(\$1,670,159)	(\$1,735,710)	(\$1,803,786)	(\$1,873,782)	(\$1,946,804)
<b>Net</b>	<b>\$220,431</b>	<b>\$241,204</b>	<b>\$259,636</b>	<b>\$241,386</b>	<b>\$262,294</b>	<b>\$283,912</b>	<b>\$305,060</b>	<b>\$325,686</b>	<b>\$343,335</b>	<b>\$362,724</b>	<b>\$381,438</b>	<b>\$399,392</b>	<b>\$416,357</b>	<b>\$432,410</b>	<b>\$443,258</b>	<b>\$461,235</b>	<b>\$473,942</b>	<b>\$485,689</b>	<b>\$497,112</b>	<b>\$507,138</b>
Capital Expense	(\$50,000)	(\$50,000)	(\$50,000)	(\$365,922)	(\$584,733)	(\$863,465)	(\$765,332)	(\$464,325)	(\$387,059)	(\$228,828)	(\$229,705)	(\$270,249)	(\$292,639)	(\$232,415)	(\$320,430)	(\$268,306)	(\$281,830)	(\$290,482)	(\$200,000)	(\$200,000)
Transfer in From Fund 504	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Return to Equity</b>	<b>\$170,431</b>	<b>\$191,204</b>	<b>\$209,636</b>	<b>(\$124,536)</b>	<b>(\$322,439)</b>	<b>(\$579,553)</b>	<b>(\$460,272)</b>	<b>(\$138,639)</b>	<b>(\$43,724)</b>	<b>\$133,896</b>	<b>\$151,733</b>	<b>\$129,143</b>	<b>\$123,718</b>	<b>\$199,995</b>	<b>\$122,828</b>	<b>\$192,929</b>	<b>\$192,112</b>	<b>\$195,207</b>	<b>\$297,112</b>	<b>\$307,138</b>
Beginning Equity	\$2,344,408	\$2,514,838	\$2,706,043	\$2,915,678	\$2,791,142	\$2,468,704	\$1,889,151	\$1,428,879	\$1,290,240	\$1,246,516	\$1,380,412	\$1,532,146	\$1,661,289	\$1,785,007	\$1,985,002	\$2,107,830	\$2,300,758	\$2,492,870	\$2,688,077	\$2,985,189
<b>Ending Equity</b>	<b>\$2,514,838</b>	<b>\$2,706,043</b>	<b>\$2,915,678</b>	<b>\$2,791,142</b>	<b>\$2,468,704</b>	<b>\$1,889,151</b>	<b>\$1,428,879</b>	<b>\$1,290,240</b>	<b>\$1,246,516</b>	<b>\$1,380,412</b>	<b>\$1,532,146</b>	<b>\$1,661,289</b>	<b>\$1,785,007</b>	<b>\$1,985,002</b>	<b>\$2,107,830</b>	<b>\$2,300,758</b>	<b>\$2,492,870</b>	<b>\$2,688,077</b>	<b>\$2,985,189</b>	<b>\$3,292,327</b>
Transfer in From Fund 001	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City's 504 Fund	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916
<b>Total Funds Available to Park Vista</b>	<b>\$3,995,754</b>	<b>\$4,186,959</b>	<b>\$4,396,594</b>	<b>\$4,272,058</b>	<b>\$3,949,620</b>	<b>\$3,370,067</b>	<b>\$2,909,795</b>	<b>\$2,771,156</b>	<b>\$2,727,432</b>	<b>\$2,861,328</b>	<b>\$3,013,062</b>	<b>\$3,142,205</b>	<b>\$3,265,923</b>	<b>\$3,465,918</b>	<b>\$3,588,746</b>	<b>\$3,781,674</b>	<b>\$3,973,786</b>	<b>\$4,168,993</b>	<b>\$4,466,105</b>	<b>\$4,773,243</b>
Recommended Reserve: 10% of operating expense + 2 years of capital Over or (under) recommended reserves	\$195,632	\$199,036	\$518,707	\$1,057,248	\$1,558,758	\$1,743,489	\$1,348,654	\$974,867	\$744,044	\$591,564	\$638,063	\$706,290	\$673,989	\$707,549	\$749,877	\$717,152	\$455,401	\$470,861	\$387,378	\$394,680
	\$3,800,123	\$3,987,922	\$3,877,887	\$3,214,810	\$2,390,862	\$1,626,577	\$1,561,140	\$1,796,289	\$1,983,388	\$2,269,764	\$2,374,999	\$2,435,915	\$2,591,934	\$2,758,369	\$2,838,868	\$3,064,522	\$3,518,385	\$3,698,132	\$4,078,727	\$4,378,563

Revenue Assumptions: 2% increase in rents (2022-2045), 2% in parking fee every year, 4 units turning over per year & new tenants assessed at 65% of market rate beginning in 2023 (2023 - 2042)

Expense Assumptions: 2% annual increase for management contract, 3% for utilities (water at 5%), 5% for all other expenses

Capital Assumptions: Based on the City's independent facility assessment plan of Park Vista, conducted by the City's Public Works Department

**Financials 2 - assumes 0% CPI and \$0 annual contribution from the City-held 504 funds**



**Park Vista 20-year Forecast (Scenario: \$0 annual contribution from GF 2026 to 2045 and 0% CPI Rent Increase)**

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Revenue	\$1,176,746	\$1,209,551	\$1,242,364	\$1,237,985	\$1,273,215	\$1,309,653	\$1,346,101	\$1,382,557	\$1,416,622	\$1,453,096	\$1,489,581	\$1,526,074	\$1,562,578	\$1,599,091	\$1,635,615	\$1,672,150	\$1,708,695	\$1,745,251	\$1,781,818	\$1,818,396
Expenses	(\$956,315)	(\$990,363)	(\$1,027,849)	(\$1,065,933)	(\$1,105,602)	(\$1,146,924)	(\$1,189,975)	(\$1,234,831)	(\$1,281,575)	(\$1,330,314)	(\$1,381,091)	(\$1,434,017)	(\$1,489,350)	(\$1,547,042)	(\$1,611,413)	(\$1,670,159)	(\$1,735,710)	(\$1,803,786)	(\$1,873,782)	(\$1,946,804)
<b>Net</b>	<b>\$220,431</b>	<b>\$219,188</b>	<b>\$214,515</b>	<b>\$172,052</b>	<b>\$167,613</b>	<b>\$162,729</b>	<b>\$156,126</b>	<b>\$147,726</b>	<b>\$135,047</b>	<b>\$122,783</b>	<b>\$108,490</b>	<b>\$92,057</b>	<b>\$73,228</b>	<b>\$52,050</b>	<b>\$24,202</b>	<b>\$1,990</b>	<b>(\$27,015)</b>	<b>(\$58,536)</b>	<b>(\$91,964)</b>	<b>(\$128,408)</b>
Capital Expense	(\$50,000)	(\$50,000)	(\$50,000)	(\$365,922)	(\$584,733)	(\$863,465)	(\$765,332)	(\$464,325)	(\$387,059)	(\$228,828)	(\$229,705)	(\$270,249)	(\$292,639)	(\$232,415)	(\$320,430)	(\$268,306)	(\$281,830)	(\$290,482)	(\$200,000)	(\$200,000)
Transfer in From Fund 504	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,453	\$219,411	\$180,366	\$296,227	\$266,316	\$272,143	\$0	\$0	\$0
<b>Return to Equity</b>	<b>\$170,431</b>	<b>\$169,188</b>	<b>\$164,515</b>	<b>(\$193,870)</b>	<b>(\$417,120)</b>	<b>(\$700,736)</b>	<b>(\$609,206)</b>	<b>(\$316,599)</b>	<b>(\$252,012)</b>	<b>(\$106,045)</b>	<b>(\$121,215)</b>	<b>(\$131,739)</b>	<b>(\$0)</b>	<b>\$1</b>	<b>(\$1)</b>	<b>\$0</b>	<b>(\$36,702)</b>	<b>(\$349,018)</b>	<b>(\$291,964)</b>	<b>(\$328,408)</b>
Beginning Equity	\$2,344,408	\$2,514,838	\$2,684,027	\$2,848,542	\$2,654,672	\$2,237,552	\$1,536,817	\$927,610	\$611,011	\$359,000	\$252,954	\$131,739	(\$0)	(\$0)	\$0	(\$0)	\$0	(\$36,702)	(\$385,720)	(\$677,684)
<b>Ending Equity</b>	<b>\$2,514,838</b>	<b>\$2,684,027</b>	<b>\$2,848,542</b>	<b>\$2,654,672</b>	<b>\$2,237,552</b>	<b>\$1,536,817</b>	<b>\$927,610</b>	<b>\$611,011</b>	<b>\$359,000</b>	<b>\$252,954</b>	<b>\$131,739</b>	<b>(\$0)</b>	<b>(\$0)</b>	<b>\$0</b>	<b>(\$0)</b>	<b>\$0</b>	<b>(\$36,702)</b>	<b>(\$385,720)</b>	<b>(\$677,684)</b>	<b>(\$1,006,092)</b>
Transfer in From Fund 001	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City's 504 Fund	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,234,463	\$1,015,052	\$834,686	\$538,459	\$272,143	\$0	\$0	\$0	\$0
<b>Total Funds Available to Park Vista</b>	<b>\$3,795,754</b>	<b>\$3,964,943</b>	<b>\$4,129,458</b>	<b>\$3,935,588</b>	<b>\$3,518,468</b>	<b>\$2,817,733</b>	<b>\$2,208,526</b>	<b>\$1,891,927</b>	<b>\$1,639,916</b>	<b>\$1,533,870</b>	<b>\$1,412,655</b>	<b>\$1,234,463</b>	<b>\$1,015,052</b>	<b>\$834,686</b>	<b>\$538,459</b>	<b>\$272,143</b>	<b>(\$36,702)</b>	<b>(\$385,720)</b>	<b>(\$677,684)</b>	<b>(\$1,006,092)</b>
Recommended Reserve: 10% of operating expense + 2 years of capital Over or (under) recommended reserves	\$195,632	\$199,036	\$518,707	\$1,057,248	\$1,558,758	\$1,743,489	\$1,348,654	\$974,867	\$744,044	\$591,564	\$638,063	\$706,290	\$673,989	\$707,549	\$749,877	\$717,152	\$455,401	\$470,861	\$387,378	\$394,680
	\$3,600,123	\$3,765,906	\$3,610,751	\$2,878,340	\$1,959,710	\$1,074,243	\$859,872	\$917,060	\$895,871	\$942,306	\$774,592	\$528,173	\$341,062	\$127,137	(\$211,419)	(\$445,009)	(\$492,103)	(\$856,581)	(\$1,065,062)	(\$1,400,772)

Revenue Assumptions: 0% increase in rents (2022-2045), 2% in parking fee every year, 4 units turning over per year & new tenants assessed at 65% of market rate beginning in 2023 (2023 - 2045)

Expense Assumptions: 2% annual increase for management contract, 3% for utilities (water at 5%), 5% for all other expenses

Capital Assumptions: Based on the City's independent facility assessment plan of Park Vista; conducted by the City's Public Works Department

# Request of City Council

- Stay the Course:
  - 1) Continue to raise current tenant rental rates at 2% a year;
  - 2) Continue to charge new tenants 65% of current market rates;
  - 3) Continue to contribute \$200k to the City's 504 Fund for Senior Housing.
- Evaluate from year-to-year whether Park Vista can provide "more affordable" housing opportunities by discontinuing current tenant rental rate increases, lowering the percentage of market rate charged to new tenants, etc.