



CITY OF POMONA

COUNCIL REPORT

January 26, 2026

To: Honorable Mayor and Members of the City Council

From: Anita D. Scott, City Manager

Submitted By: Beverly Johnson, Neighborhood Services Director

SUBJECT: OPTIONS FOR THE DEVELOPMENT OR DISPOSITION OF 252 E. 4TH STREET, POMONA, CA 91766

RECOMMENDATION:

It is recommended that the City Council discuss options for the development or disposition of the property located at 252 E. 4th Street, Pomona, CA 91766, and provide direction to staff. The options are:

1. Rehabilitate the Property and Award a Construction Contract to Fidelity Builders, Inc. (FD428, CIP Fund | CC1702, Housing Administration | Project Worktag No. 71210, 252 E. 4th Street – Major Rehabilitation) to include base bid items plus a 15% contingency, in the total amount of \$5,264,355; or,
2. Sell the Property and Use Proceeds to Buy Comparable Property for Affordable Housing; or,
3. Demolish the Property and Use Land and Grant Funds Toward Developing New Affordable Housing.

EXECUTIVE SUMMARY:

The purpose of this discussion is to summarize the various options available for the disposition of a 12-unit, 9,312-square-foot apartment building located at 252 E. 4th Street, Pomona, CA 91766, owned by the Housing Successor Agency to the Redevelopment Agency of the City of Pomona.

SB1439/GOVERNMENT CODE §84308 APPLICABILITY:

- When this box is checked, it indicates the agenda item is subject to the Levine Act SB1439 requirements. Councilmembers are reminded to check their campaign contributions and determine whether they have received a campaign contribution of \$500 or more that would require disclosure

and/or recusal from discussing or acting on this agenda item. Campaign contributions of \$500 or more made 1) by any person or entity who is identified in the agenda report as the applicant or proposer or 2) on behalf of the applicant or participant, including a parent, subsidiary or otherwise related business entity, or 3) by any person who has a financial interest in the agenda item requires a councilmember to comply with SB1439.

FISCAL IMPACT:

The current fiscal impact described is the cost of property rehabilitation (option 1). Should the City Council decide on Option 2 or 3, staff will need to return and provide a more detailed fiscal impact.

Should Council decide to rehabilitate 252 E. 4th St. Property and award the contract to Fidelity Builders, Inc. in the amount of \$5,264,355, funding is available in FY 25-26 under the Capital Improvement Project (CIP) Fund, Rehabilitation of 252 E. 4th Street (FD428, CIP Fund | CC1702, Housing Administration | Project Worktag No. 71210, 252 E. 4th Street – Major Rehabilitation).

There are not general funds being utilized for this project. The various sources granting funding for this are:

1. HOME-American Rescue Plan: Program beneficiaries are limited to homeless or at-risk of homelessness. The City of Pomona ARP Allocation Plan proposed using the funds for the development and support of affordable housing.
2. Home Investment Partnership (HOME) Program: The HOME Program creates affordable housing for low-income households. A HOME rental unit is primarily targeted for very low-income households (50% of the Los Angeles area median income).
3. Permanent Local Housing Allocation: Targeted beneficiaries are households whose incomes are 60% and below the area median income.
4. AQ Housing Bond Proceeds: These are proceeds generated from the sale by Shield of Faith of Tivoli Plaza. Beneficiaries' income may go up to 120% of AMI. This funding accounts for only 6.7% of total.

PUBLIC NOTICING REQUIREMENT:

In accordance with Section 2-1003 – Formal Procedure of the City's Purchasing Ordinance, a Notice Inviting Bids for Rehabilitation of 252 E. 4th Street, Pomona, CA (12 units), was posted on the City's electronic bidding platform, Planet Bids, on September 9, 2025.

PREVIOUS RELATED ACTION:

On December 4, 2023, the City Council, sitting as the Governing Board of the City of Pomona Housing Authority, approved an award of contract to Radar, Inc. for the preparation of plans and specifications for the rehabilitation of 252 E. 4th Street, Pomona, amounting to \$350,725.

On December 1, 2025, Staff recommended an award of contract to rehabilitate the property to Fidelity Builders, Inc. in the amount of \$5, 264,355 with a 15% contingency. However, City Council requested that staff present other options for developing and/or disposing of the property that are consistent with the goal of providing affordable rental housing.

DISCUSSION:

The property at 252 E. 4th St. is owned by the Pomona Housing Authority as the Successor Agency to the Redevelopment Agency. It was purchased in 2017 for \$1.35 million. The property was built in 1928, with a gross building area of 9,312 sq. ft. and 12 apartment units. At present, the building is vacant and will require extensive rehabilitation to make it available for use as affordable rental housing. The building also contains hazardous materials, particularly asbestos and lead-based paint, that will require remediation. In 2021, HOME-American Rescue Plan (ARP) funding became available, providing an opportunity to develop or rehabilitate the property. Through various consultations and public participation, the HOME-ARP plan was finalized and approved by the City Council on June 7, 2023, which involved the development or rehabilitation of the property. In 2023, the City Council approved an award of contract, and the preparation of plans and specifications commenced. Subsequently, the property sustained significant damage, necessitating remediation and the abatement of asbestos and other hazardous materials before the project could proceed. In December 2025, the project was presented to the City Council to advance the rehabilitation of the property; at the time, the City Council requested information regarding alternative options for the site. Outlined below are the possible options for consideration (Attachment No. 1),

Option 1 **Rehabilitate 252 E. 4th St.**

The work includes demolition, removal of hazardous materials, landscaping, floor replacement, repairs to stairs, roof, doors, windows, ceilings, plumbing, electrical, painting, and fire protection.

Two (2) Invitation for Bids (IFB) were issued via the City's bidding platform Planet Bids. IFB No. 2025-12 "Rehabilitation of 252 E. 4th Street, Pomona, CA (12 units)" issued on April 9, 2025, failed with all bids deemed non-responsive or non-responsible. Another IFB No. 2025-24 was issued on September 9, 2025, and was disseminated to 233 potential bidders, of whom 92 downloaded the bid specifications. A mandatory bid walk was conducted on September 17, with 22 bidders attending. Bids were due on October 6, 2025, with six (6) proposals received, as follows:

	Contractor	Total Base Bid	15% Contingency	Total
1	Fidelity Builders, Inc.	\$4,577,700	\$686,655	\$5,264,355
2	SoCal Construction, Inc.	\$4,585,460	\$687,819	\$5,273,279
3	Lumar Corporation	\$4,663,000	\$699,450	\$5,362,450
4	Tovey/Shultz Construction	\$4,937,895	\$740,684	\$5,678,579
5	Cal-City Construction, Inc.	\$5,178,100	\$776,715	\$5,954,815
6	PUB Construction, Inc.	\$5,242,000	\$786,300	\$6,028,300

Architect's Estimate (<i>excludes repairs for fire damage, asbestos and lead based paint remediation</i>)	\$4,500,000		
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The property rehabilitation cost is high due to: a) the property's age and condition; b) hazardous materials; c) historic designation; d) required upgrades to meet building codes; and e) higher labor costs from prevailing wage requirements.

Should Council decide to rehabilitate 252 E. 4th St., staff recommends awarding the base bid and 15% contingency to Fidelity Builders, Inc., as the lowest, most responsive, and responsible bidder (Attachment No. 2).

Option 2

Sell and Use Proceeds to Acquire a Comparable Property for Use as Affordable Housing

Property Sale - In 2020, the property was appraised at \$1.15 million. To sell the property today, Staff assumes that prospective buyers will offer a much lower purchase price in consideration of the following:

- Sale of the property will be subject to the Surplus Land Act, which requires public agencies disposing of surplus lands make it available first to entities that may be able to acquire and use it for affordable housing. The process involves declaring surplus land, notifying local public agencies and housing sponsors, negotiating in good faith with interested parties, and disposing the property with some affordable housing restrictions, when price and terms cannot be agreed on. This process serves to delay property sale; and,
- Given the property's age and condition, we can assume the potential buyer will demolish the existing building. The building is part of the Downtown Landmark Quarter historic district. Pursuing demolition would require Historic Preservation review, and the demolition could involve a Focused Environmental Impact Report, which could cost between \$50,000 and \$100,000. The application also requires Planning Commission and Council approval. The requirements serve as a disincentive to potential buyers/developers.

If Council chooses this option, the sale will not be immediate (approximately 8 months to a year), which would also limit the City's immediate ability to use proceeds to acquire comparable units for affordable housing in the near term.

Purchase of Comparable Units – In addition to the acquisition price, the use of federal funds imposes additional requirements that affect the final cost of properties to be used for affordable housing.

- Prior to occupancy, the property must meet building standards, which require compliance with plumbing, electrical, fire, and residential, among others, of various building codes. Generally, the older the structure, the higher the cost to rehabilitate the property to meet building standards.
- Testing and remediation of various hazards, specifically mold, lead, and asbestos.

- Relocation of current tenants, either temporary or permanent. Temporary relocation is offered to tenants who meet eligibility requirements and covers temporary housing accommodation, storage, meal allowance and other related costs. Permanent relocation covers moving costs, replacement housing payment, and advisory services. Payments can range between \$80,000 and \$100,000 for an extremely low-income household, and as low as \$10,000 if a household is not low-income. Relocation assistance for six households residing at 252 E. 4th Street, amounted to \$280,498, which was paid by the City.
- Other costs – including consultant payments (relocation, architectural design and engineering, project management, and labor compliance) and landscaping.

If the City were to successfully sell the land and complete demolition of the building, the proceeds generated may be insufficient to acquire and rehabilitate a replacement property that meets applicable funding source requirements. Additionally, certain funding sources may no longer be available for reuse, such as PLHA funds or may be in jeopardy of being returned (HOME-ARP).

Option 3

Demolish & Use Land and Grant Funds to Develop New Affordable Housing

Some of the time and cost considerations of demolishing a historic property were discussed under Option 2. Further, based on information provided by the Office of Economic and Business Affairs, the average per-unit cost to construct housing in Pomona ranges from \$690,000 to \$840,000. This is consistent with the per-unit development cost of \$700,712 for Prisma Artist Lofts and \$819,755 for Chris Hartmire Plaza. If the City were to undertake the development, the full cost could range from \$11.04 million to \$13.44 million for 12 market-rate units.

In a scenario where the City demolishes and develops new housing, significant financial assistance will be required, which could leave the land undeveloped for a considerable period of time.

RECOMMENDATION

Given the various options presented, Staff recommends Option 1 – Rehabilitate the property and award the contract to Fidelity Builders, Inc.

While the existing rehabilitation cost appears high, it is a reasonable expense when compared against the alternative costs of sale and new construction, and when considered within the context of immediate Federal and State dollars available, as opposed to future grant funding, and the realities of historic review and affordable housing requirements.

Pursuing an alternative to rehabilitate the existing building would likely lead the City back to the same set of variables for a new property, albeit even more difficult because of a lack of guaranteed funding to acquire and rehabilitate, or to finance new unit construction.

COUNCIL PRIORITIES & GOALS:

This item supports the 2021-2022 City Council Priority 3: Increased Opportunity and Housing Stability – Goal J: Encourage the development and maintenance of quality housing opportunities for all.

Prepared by:

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Attachment No. 1 – Presentation Slides

Attachment No. 2 – Contract Between the City of Pomona and Fidelity Builders, Inc. for the
Rehabilitation of 252 E. 4th Street Project No. 428-71210