

**SECOND AMENDMENT  
TO  
OPTION AGREEMENT**

THIS SECOND AMENDMENT TO OPTION AGREEMENT (“**Second Amendment**”) is made August \_\_\_, 2021, (“**Effective Date**”) by and between the COUNTY OF ORANGE, a political subdivision of the State of California, the HOUSING AUTHORITY OF THE CITY OF SANTA ANA, a public body, corporate and politic, (respectively, the “**County**” and the “**Agency**,” and collectively “**Optionor**”) and WASHINGTON SANTA ANA HOUSING PARTNERS, L.P., a California limited partnership (hereinafter called “**Optionee**”). Optionor and Optionee may sometimes hereinafter individually be referred to as “**Party**” or jointly as “**Parties**.”

**Recitals**

- A. Optionor and Optionee are parties to that certain Option Agreement dated February 25, 2020 (“**Option Agreement**”), as amended by the First Amendment dated December 15, 2020, wherein the Optionor granted Optionee an option to ground lease the Premises, consisting of the Agency Property and the County Property, as defined in the Option Agreement.
- B. This Second Amendment is intended to and does amend the Option Agreement and the First Amendment.
- C. Optionee is actively pursuing its due diligence to assess the feasibility of constructing an affordable housing project on the Premises known as Crossroads at Washington (“**Project**”). The Agency and County have made certain commitments to fund and support the Project.
- D. Optionor and Optionee are cooperatively engaged in the ongoing environmental assessment of the Premises to determine the nature and extent of contamination located on the Premises and steps necessary to mitigate or remediate such contamination. Environmental oversight for the Project and possible clean-up of the Property is currently being provided by the California Department of Toxic Substances (“**DTSC**”).
- E. Optionee has applied for financing for the proposed Project and has received and accepted a reservation of Further Consolidated Appropriations Act 2020 federal credits (“**FCAA Credits**”) from the California Tax Credit Allocation Committee for the Project. The deadline to return these accepted FCAA Credits is September 1, 2021. In accepting these FCAA Credits, Optionee has committed to complete the Project by December 31, 2023. The failure of Optionee to complete the Project by December 31, 2023 or to return the FCAA Credits prior to September 1, 2021 will result in the assessment of negative points that could adversely impact Optionee’s ability to pursue future affordable development.

- F. The Project is nearing completion of the environmental assessment phase of work under DTSC's oversight, with environmental cleanup activity to commence upon DTSC's approval of a cleanup plan for the Project. DTSC previously approved the Project to be included in its Targeted Site Investigation Plus ("TSI+") grant program to cover the environmental assessment phase. However, the TSI+ program does not cover environmental remediation costs.
- G. DTSC is currently working on the Equitable Community Revitalization Grants ("ECRG") program, which will provide environmental cleanup cost grant funding, and anticipates release of its notice of availability of funding sometime in September 2021. Optionee plans to apply for ECRG funding but it is anticipated that participation in this program may not result in funding awards until at least January 2022.
- H. Optionee would like assurances from Optionor that Optionor will continue to support and fund the environmental cleanup phase of work in the event that Optionee is unable to obtain the ECRG funding set forth above.
- I. Optionor and Optionee desire to amend the Option Agreement to provide for the funding of a portion of the environmental assessment and cleanup costs incurred in the investigation and cleanup of the Premises in the event that ECRG funding is not received, on the terms and conditions set forth below.
- J. Environmental cleanup costs are currently estimated to be \$300,000.00.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and in the Option Agreement, and other good and valuable consideration the receipt of which is hereby acknowledged, the Parties agree to amend the Option Agreement by including the following additional terms and conditions as follows:

- 1. All terms not specifically defined herein shall have the meaning set forth in the Option Agreement.
- 2. Funding of Environmental Cleanup. The County and Agency hereby agree to fund the environmental cleanup of the Project in an amount not to exceed \$300,000.00, with the County and Agency each responsible for funding one-half of this amount, if each of the following conditions are met:
  - (a) On or before September 1, 2021, Optionee elects not to return the FCAA Credits from the California Tax Credit Allocation Committee and to commence the environmental cleanup of the Premises; and
  - (b) Optionee is unable to obtain the ECRG funding set forth above after award of the ECRG funding, but in no case later than the end of February 2022, which date may be modified in writing by the County (through the Chief Real Estate Officer), Agency (through the Executive Director of the

Housing Authority), and Optionee; and Optionee is unable to obtain any other applicable funding for the environmental cleanup of the Project by the end of February 2022.

Optionee shall provide written notice to the Agency and County of the occurrence of the conditions in (a) and (b) above with appropriate supporting documentation.

3. Funding of Environmental Cleanup Costs. Provided the conditions set forth in Section 2 above occurs, Optionor agrees to reimburse Optionee for actual environmental cleanup costs in an amount not to exceed \$300,000, and which amount shall be paid equally (i.e., 50/50) by County and Agency on a monthly rolling basis upon submission of environmental cleanup cost draw requests submitted by Optionee to the Optionor. Prior to the payment of such costs by Optionor, Optionee shall provide Optionor any and all necessary invoices, records or reports generated as a part of the environmental cleanup effort and to properly substantiate costs associated with each environmental cleanup draw request. The Agency and County shall make their respective reimbursements to Optionee within forty-five (45) days following receipt of written notice that the condition set forth in Section 2 has occurred and after County and Agency's receipt of each environmental cleanup draw request and documentation set forth above to the satisfaction of the County and Agency in their reasonable discretion.
4. Optionee Right to Enter Premises for Environmental Cleanup. In addition to Optionee's right to enter the Premises as set forth in Section 8 of the Option Agreement, Optionee and its Consultants (as defined in the Option Agreement) shall have the right to enter the Premises for the purposes of this Second Amendment, including but not limited to performing environmental cleanup and other services related thereto.
5. Construction Contract Documents. Notwithstanding anything to the contrary contained in Section 5(D.) of the Option Agreement, Optionee shall submit to the Optionor the Construction Contract Documents and cost estimates for development of the Premises no later than eight (8) months from the date on which Optionee elects not to return the FCAA Credits (May 1, 2022).
6. Cleanup Plan. Section 5.G. is hereby added to the Option Agreement as follows:  

“G. Cleanup Plan.

No later than February 28, 2022, Optionee shall have delivered to Optionor a copy of the Cleanup Plan associated with the DTSC Targeted Site Investigation Plus (TSI+) Program (and approved by DTSC) for any environmental cleanup required in connection with construction of the Project.”
7. Successors and Assigns. The terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of the Parties hereto.

8. Authority. The Parties to this Amendment represent and warrant that it has been duly authorized and, once executed, will constitute the legally binding obligation of their respective organization or entity, enforceable in accordance with its terms.
9. Ratification. Except as specifically set forth in this Amendment, all terms and provisions of the Option Agreement shall be and remain in full force and effect. To the extent there are conflicts between the Option Agreement and this Second Amendment, this Second Amendment shall control. The Option Agreement, as amended by the First Amendment and this Second Amendment, is in full force and effect.
10. Counterparts. This Amendment may be executed in multiple counterparts, each of which, when taken together shall constitute fully executed originals.

*[document continues on following page]*

IN WITNESS WHEREOF, the Parties have executed this Second Amendment on the day and year first above written.

**OPTIONEE:**

WASHINGTON SANTA ANA HOUSING, L.P.,  
a California limited partnership,

By: Related/Washington Santa Ana  
Development Co., LLC, a California  
limited liability company,  
its Administrative General Partner

By: \_\_\_\_\_  
Frank Cardone, President

By: Supportive Housing LLC, a California  
limited liability company, its Managing  
General Partner

By: A Community of Friends, a  
California nonprofit public benefit  
corporation, its sole  
member/manager

By: \_\_\_\_\_  
Dora Leong Gallo  
President and CEO

*[signatures continue on following page]*

APPROVED AS TO FORM:  
COUNTY COUNSEL  
County of Orange, California

By: \_\_\_\_\_  
Deputy

Date: \_\_\_\_\_

**OPTIONOR**

COUNTY OF ORANGE,  
a political subdivision of the State of California

\_\_\_\_\_  
Thomas Miller, Chief Real Estate Officer  
County of Orange, California

APPROVED AS TO FORM:  
SONIA CARVALHO  
AUTHORITY GENERAL COUNSEL

By:  \_\_\_\_\_  
Ryan O. Hodge, Assistant City Attorney

Date August 12, 2021

HOUSING AUTHORITY OF THE CITY OF  
SANTA ANA ACTING AS THE HOUSING  
SUCCESSOR AGENCY  
a public body, corporate and politic

\_\_\_\_\_  
Steven A. Mendoza, Executive Director