

**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 supersede and replace 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 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 accept these FCAA Credits is September 1, 2021. Acceptance of these FCAA Credits by Optionee will commit it to complete the Project by December 31, 2023, to meet federal and state requirement in order to avoid 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 assessment 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 \$2,000,000.00.

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 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 \$2,000,000.00, 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 accepts the FCAA Credits from the California Tax Credit Allocation Committee; 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 May 2022; and
 - (c) Optionee is unable to obtain any other applicable funding for the environmental cleanup of the Project by the end of May 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 \$2,000,000, 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 sixty (60) 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.
4. 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.
5. 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.
6. 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.
7. Counterparts. This Amendment may be executed in multiple counterparts, each of which, when taken together shall constitute fully executed originals.

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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: August 3, 2021

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 _____

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