

**SECOND AMENDMENT TO LEASE
(PLAZA HOTEL)**

THIS SECOND AMENDMENT TO LEASE (“Second Amendment”) is made and entered into as of this ____ day of _____, 2017, by and between the **CITY OF SAN JOSE**, a municipal corporation (“City”), and **ALLIED HOUSING, INC.**, a California non-profit public benefit corporation (“Tenant”).

RECITALS

WHEREAS, on April 7, 2017, the City and Tenant entered into a Lease for the Plaza Hotel (“Lease”) located at 96 South Almaden Boulevard, in the City of San José (“Premises”); and

WHEREAS, in March 2016, the City Council approved the Lease and a Grant for up to \$1,800,000.00 to rehabilitate the Premises; and

WHEREAS, on June 27, 2017, the parties entered into that certain First Amendment to Lease.

WHEREAS, the City and Tenant desire to further amend the Lease to increase the Monthly Rental Subsidy;

NOW, THEREFORE, the City and Tenant desire to amend the Lease as follows:

1. Section 301, 1b. is hereby amended to read as follows:

“b. All Units shall be occupied by homeless individuals or extremely low or very low income households, referred by the City, earning not more than 50% of Area Median Income AMI”), as defined below. Area Median Income means the amounts determined from the schedules of area median income issued for Santa Clara County from time to time by the Department of Housing and Urban Development (“HUD”). In determining income eligibility of the Occupants, Tenant shall use the Section 8 Program definition of annual (gross) income. Rent to be charged to Occupants (excluding any supplemental rental assistance) shall be determined consistent with HUD’s rent limits as described in 24 CFR 92.252 (b) (1) (“Low HOME Rent Limits”) subject to a deduction for the applicable utility allowance according to the schedule established by the Housing Authority of Santa Clara County for tenant paid utilities. Notwithstanding anything to the contrary herein, no Occupant of a Unit who previously and properly qualified as an eligible tenant shall be evicted by Tenant because such Occupant fails to requalify as an eligible tenant, because such Occupant exceeds the

income limits set forth above. Further, subject to the limitations imposed by applicable state and federal law, such Occupant shall commence paying rent equal to the lesser of market rent or one-twelfth of 30% of such Occupant's adjusted income, effective from and after the date of such failure to requalify. The Occupant shall continue to be considered an eligible tenant. Once the over-income Occupant vacates the Unit, such Unit shall be rented to an extremely low or very low income household.

Tenant shall provide the CITY, the Rental Subsidy Administrator and the Service Provider, with thirty (30) days written notice of any impending vacancy of a Unit. Within seven (7) business days after receipt of such notice, the CITY, or the Rental Subsidy Administrator, will provide the Tenant with: (a) a nominee to fill that vacancy; or (b) notice that the City will reserve the vacant Unit by paying the rent for the Unit, commencing on the date the Unit is vacant and available for occupancy. If the City provides a nominee to fill a vacancy, Tenant will have seven (7) business days to determine whether that nominee meets Tenant's approved applicant screening criteria for the Unit. If a tenant from the City's referral system meets Tenant's approved applicant screening criteria for the Unit, the Rental Subsidy Administrator shall pay a monthly subsidy of up to One Thousand Five Hundred Twenty-Five Dollars (\$1,525) per month ("Monthly Rental Subsidy") for the Occupant's monthly rent for the Unit, commencing on the date the Unit is vacant and available for occupancy. In addition, Occupants shall be required to pay a minimum of twenty dollars (\$20.00) per month towards the rent of a Unit or up to 30% of the Occupant's adjusted income, as determined by the Rental Subsidy Administrator and the Service Provider. The Monthly Rental Subsidy shall increase each year on the anniversary of the Commencement Date as follows:

Lease Year 2:	\$1,550;
Lease Year 3:	\$1,575;
Lease Year 4	\$1,600; and
Lease Year 5:	\$1,625.

2. Except as otherwise modified by this Second Amendment, the terms of the amended Lease shall remain in full force and effect.
3. This Second Amendment is governed by and construed in accordance with the laws of the State of California.
4. This Second Amendment may be signed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same amendment.

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the date first written above.

CITY:

Approved as to Form:

CITY OF SAN JOSE, a municipal corporation

By: _____
Thomas D. Murtha
Senior Deputy City Attorney

By: _____
Toni J. Taber, CMC
City Clerk

TENANT:

ALLIED HOUSING, INC., a California nonprofit public benefit corporation

By: _____

Name: _____

Title: _____