

EXHIBIT 4-E

RULE 24.5 - CONNECTIONS FOR AFFORDABLE HOUSING

A. DEFINITIONS AFFECTING AFFORDABLE HOUSING

For the purpose of this Rule 24.5, the following definitions shall apply:

1. Definition of “Moderate Income Household”. The term “Moderate Income Household” shall mean those individuals or group of individuals living together as one household, whose combined gross annual income does not exceed the limits established under the United States Housing Act of 1937, as determined from time to time by the U.S. Department of Housing and Urban Development (HUD) in its annual transmittal of income eligibility data for a “Moderate Income Household” in the Seaside, Monterey, Salinas Standard Metropolitan Statistical Area Median Family Income as specified in the latest United States Census and projected to a year of sale by the United States Department of Housing and Urban Development. “Moderate Income” shall include all salaries, rents and similar sources of income as well as the economic value of property, savings, stocks, bonds, and other assets.
2. Definition of “Affordable Housing”. The term “Affordable Housing” shall mean and refer to housing that is affordable to moderate-income households. Such housing is affordable if the sales price is equal to or less than three times the maximum annual moderate-income household income; or if rented, if the annual rent is equal to or less than 25% of the maximum annual moderate-income household income. “Moderate Income” shall include all salaries, rents and similar sources of income as well as the economic value of property, savings, stocks, bonds, and other assets.

The term “Affordable Housing” shall only apply to a “Dwelling Unit” which is available for private occupancy, but for which ownership and/or occupancy is restricted by recorded covenant or other deed restriction. This covenant or restriction shall be enforceable by either the District or the public and shall limit use of all “Affordable Housing” so that only households of “Moderate Income” or less shall qualify to occupy these units by purchase, by rent, or by lease. This covenant or restriction shall comply with the standards set by the California Department of Housing and Community Development (HCD) and the Monterey County Housing Authority for resale and occupancy of “Low Income” and “Moderate Income” housing, and shall require that the District receive notice prior to the removal or modification of that deed restriction. The recorded covenant shall further provide notice to each subsequent owner that any change of water use from an affordable housing use to any other residential or non-residential use shall constitute an intensification of use which shall require payment at the then-present value of connection charges to the District both for the intensification of water use capacity

and for the increment of water use which had originally been exempted from the full fee. The recorded covenant and shall be in a form approved by the District General Manager. This covenant shall also require the use and maintenance of water conservation measures as determined by the District General Manager, which shall, among other things, maximize the use of low-flow fixtures and drought resistant landscaping.

3. Definition of “Very Low-Income Household” and “Low-Income Household”. The terms “Very Low-Income Household” and “Low-Income Household” shall mean those individuals or group of individuals living together as one household, whose combined gross annual income for each such group does not exceed the limits established under the United States Housing Act of 1937, as determined from time to time by the U.S. Department of Housing and Urban Development (HUD) in its annual transmittal of income eligibility data. Permissible income limits shall not exceed the primary criteria to determine applicant eligibility for Section 8 HUD Public Housing programs. The terms “Very Low-Income” and “Low-Income” shall include all salaries, rents and similar sources of income as well as the economic value of property, savings, stocks, bonds, and other assets.
4. Definition of “Low-Income Housing”. The term “Low-Income Housing” shall mean and refer to housing that is affordable to low-income and very low-income households. Such housing is affordable if the sales price is equal to or less than three times the maximum annual very low-income household income; or if rented, if the annual rent is equal to or less than 25% of the maximum annual very low-income household income.

The term “Low-Income Housing” shall only apply to a “Dwelling Unit” which is available for private occupancy, but for which ownership and/or occupancy is restricted by recorded covenant or other deed restriction. This covenant or restriction shall be enforceable by either the District or the public and shall limit use of all “Low-Income Housing” so that only households of “Low-Income” or less shall qualify to occupy these units by purchase, by rent, or by lease. This covenant or restriction shall comply with the standards set by the California Department of Housing and Community Development (HCD) and the Monterey County Housing Authority for resale and occupancy of “Low Income” housing, and shall require that the District receive notice prior to the removal or modification of that deed restriction. The recorded covenant shall further provide notice to each subsequent owner that any change of water use from a low-income housing use to any other residential or non-residential use shall constitute an intensification of use which shall require payment at the then-present value of connection charges to the District both for the intensification of water use capacity and for the increment of water use which had originally been exempted from the full fee. The recorded covenant shall be in a form approved by the District General Manager.

This covenant shall also require the use and maintenance of water conservation measures as determined by the District General Manager, which shall, among other things, maximize the use of low-flow fixtures and drought resistant landscaping.

5. Definition of “Dwelling Unit”. The term “Dwelling Unit” shall mean single or multiple residences suitable for single household occupancy but shall not refer to non-permanent student or transient housing, the occupancy of which is projected to average 24 months or less.

B. CONNECTION CHARGE EXEMPTION

1. Partial Fee Exemption for Affordable Housing. Each residential connection which supplies water to a “Dwelling Unit” meeting the definition of “Affordable Housing” shall be exempt from fifty percent (50%) of the connection charge required pursuant to Rule 24 during the period that “Dwelling Unit” continuously meets the definition of “Affordable Housing”. Any change of water use from an “Affordable Housing” use to any other residential or non-residential use (even if the change is limited to removal or modification of the required deed restriction), or any transfer to another site, shall constitute an intensification of use, and shall require the imposition of the then-current connection charge both for the intensification and for that entire increment of water use capacity which had been exempted from the original connection charge. All other permit conditions, including processing fees and surcharges, shall apply to these connections.
2. Fee Exemption for Low-Income Housing. Each residential connection which supplies water to a “Dwelling Unit” meeting the definition of “Low-Income Housing” shall be exempt from all connection charges required pursuant to Rule 24 during the period that “Dwelling Unit” continuously meets the definition of “Low-Income Housing”. Transfer of water use to any other site shall be prohibited. Any change of water use from a “Low-Income Housing” use to any other residential or non-residential use (even if the change is limited to removal or modification of the required deed restriction) shall constitute an intensification of use, and shall require the imposition of the then-current connection charge both for the intensification and for that entire increment of water use capacity which had been exempted from the original connection charge. All other permit conditions, including processing fees and surcharges, shall apply to these connections.

Rule added by Ordinance No. 25 (7/14/86); amended by Ordinance No. 72 (03/21/94)