

State of Vermont Law: 27 VSA 610, Housing Subsidy Covenants

(a) Definition. As used in this section, "housing subsidy covenant" means a covenant the purpose of which is to encourage the development and continued availability of affordable rental and owner-occupied housing for low and moderate income persons. A housing subsidy covenant may be created during ownership or at the time of conveyance by the owner of real property as a condition of:

- (1) an allocation of "low income housing tax credits" pursuant to regulations of the agency of commerce and community development;
- (2) a grant, loan or contract made by an agency, instrumentality or political subdivision of this state;
- (3) a grant, loan or contract made by a nonprofit corporation;
- (4) a subsidized loan from any lending institution that makes loans for residential housing; or
- (5) a subsidized private transaction.

(b) Restrictions. A housing subsidy covenant may include without limitation restrictions on the use of real property, restrictions on resale price, restrictions on tenant income and rents and restrictions on the income of a purchaser of housing or a housing unit for his or her own residence.

(c) Requirements. A housing subsidy covenant shall be set forth in a separate and distinct document and executed, acknowledged and recorded in the manner provided by law for the execution, acknowledgment and recording of deeds.

(d) Duration. A housing subsidy covenant may be perpetual or may be limited to a period of time specified in the document and may be amended or terminated by written agreement of the owner of the land and all persons or entities holding the right to enforce the covenant. Any amendment or termination shall be executed, acknowledged and recorded as provided in this section.

(e) Enforceability. A covenant that complies with this section shall run with the land and shall be enforceable according to its terms. The covenant may include provisions for monitoring and enforcing compliance. The covenant may be enforced by the person or entity that provided the subsidy of which creation of the covenant was a condition, or by any agency, instrumentality or political subdivision of the state or nonprofit corporation organized for the purpose of promoting affordable housing to whom the right of enforcement has been assigned.

(Added 1989, No. 91, § 1; amended 1995, No. 190 (Adj. Sess.), § 1(a).)