

FY2024

Bylaw Modernization Grant

Program Description & Guide



Community Planning + Revitalization
Vermont Department of Housing and
Community Development
August 2023

Program Overview

In fiscal year 2024 (July 1, 2023– June 30, 2024)¹, the Vermont Department of Housing and Community Development (DHCD) has funding to grant to municipalities for land use, development, and zoning bylaw updates in support of a pedestrian-oriented development pattern that increase housing choice, affordability, and opportunity in areas planned in accordance with Vermont’s smart growth principles ([24 V.S.A. §2791](#)). This funding is intended to help municipalities confront the State’s housing shortage and ready areas for new housing investments.

Eligible Municipalities

For the purposes of the Bylaw Modernization Grant, a municipality is defined by [24 V.S.A. §4303\(12\)](#). Under this definition an incorporated village is not considered a separate municipality unless the village adopts its own plan and one or more bylaws either before, concurrently with, or subsequent to such action by the town.

Municipalities may submit an individual application for a maximum of \$25,000 or apply with other municipalities as part of a multi-town application. Regional planning commissions may submit multi-town grant applications as an agent for and on behalf of member municipalities. Multi-town applications are eligible for grants up to a maximum of \$60,000 based on a minimum number of participating towns (see details below). All successful applicants are required to provide a minimum cash match of 10%, which will be forgiven for all bylaw modernization projects where bylaw amendments are adopted prior to grant closeout.

A municipality may apply for Bylaw Modernization Grant funding in addition to a recent or fiscal year 2024 [Municipal Planning Grant](#), if there is demonstrated capacity to complete both projects. Municipal Planning Grant applications are also due November 1, 2023.

Grant funds will be available statewide. Geographic and regional balance will be strongly factored into awards. Funding decisions will be made by the DHCD Commissioner based on the criteria listed later in this guide.

Grant Timeline

Bylaw Modernization Grant projects must be completed within 24 months. The grant term will be January 1, 2024 – December 31, 2025. No time extensions will be granted.

- September 30, 2023: deadline for RPC-confirmed planning process
- **November 1, 2023: application deadline, 6 p.m.**
- December 2023: award decisions
- January 1, 2024: grant term begins
- January 1, 2025: mid-project report due
- December 31, 2025: project completion and all funds spent
- January 31, 2026: final report and products submitted

Eligible Applicants

Single Municipality

Individual municipalities with a confirmed local planning process by the regional planning commission (RPC), including an unexpired Municipal Plan, on or before September 30, 2023, are eligible to apply. To be confirmed, a locally adopted plan must be approved by

¹ Act 182§28 <https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT182/ACT182%20As%20Enacted.pdf>

the regional planning commission, and the municipality must maintain efforts to provide local funds for municipal and regional planning purposes as required by [24 V.S.A. §4350](#). Applicants can verify the plan date on the [municipal planning data center](#).

All applications require approval of the municipal governing body and planning commission by resolution. Municipalities may not receive funding if they are suspended or debarred by the Federal or State Government; delinquent in submitting their subrecipient annual reports; or delinquent in submitting their single audit reports (if required).

Multi-Town Application

Two or more municipalities may apply jointly, with one lead municipality serving as the grant's fiscal agent and grantee. RPCs may submit the grant application as an agent of and on behalf of eligible member municipalities as part of a multi-town grant application (see agent status under consultant selection below). Multi-town applications are eligible for the maximum funding amounts as shown below. The multi-town application must recommend a common project approach that supports efficiencies across municipalities.

Minimum Number of Participating Towns	Maximum Multi-Town Grant Amount
2	\$35,000
3	\$40,000
4	\$45,000
5	\$50,000
6	\$55,000
7	\$60,000

All municipalities in the multi-town application must have a confirmed planning process, and each municipality must submit a separate resolution form in support of the project. No member of a multi-town application may apply for an individual bylaw modernization grant the same year.

Funding Amounts & Match

This grant requires a 10% cash match with an identified source of funds in the application.

The minimum required cash match will be forgiven for all municipalities whose bylaw amendments are adopted prior to grant close out.

Individual Municipality Application

Single municipalities may apply for a grant of any amount between \$2,500 and \$25,000 with a minimum local cash match requirement of 10%, based on the total project cost.

Multi-Town Application

A group of municipalities may apply for a multi-town grant of any amount between \$2,500 and \$60,000 with a minimum local cash match of 10%, based on the total project cost. The minimum required match will be *proportionally and evenly* forgiven for all bylaw

modernization projects adopted prior to grant closeout, based on the number of participating municipalities (see example below).

Match Forgiveness

Below are examples showing how the required cash match and match forgiveness work.

Application Type	Grant Award	Town Matching Contribution (10%)	Total Project Cost	Total Reimbursement Paid to Municipality at Closeout	
				Bylaw is adopted by closeout (Grant + Match)	Bylaw is not adopted by closeout (Grant only)
Single Municipality	\$25,000	\$2,778	\$27,778	\$27,778	\$25,000
Multi-Town (7-town example)	\$60,000	\$6,667	\$66,667	\$66,667	\$60,000
<i>Total Reimbursed if 5 out of the 7 towns adopt bylaws by closeout: (Grant + 5/7th of the Total Matching Contribution)</i>				\$64,734	

Municipalities whose bylaws **ARE NOT** adopted prior to closeout will NOT have the required 10% cash match reimbursed at grant closeout.

Matching Funds

Any source of **cash** match funds may be used: federal, other state grants, municipal, private, non-profit, or regional planning commission. Projects that demonstrate financial partnership with outside organizations or propose a local match that exceeds the minimum required match amounts are considered to have higher levels of community need in the competitive criteria (shown below).

In-kind contributions or contributions of staff or others' time cannot be offered as a match. Documentation of total project expenditures, and proof of payment by the municipality, including grant and match funds, is required at the close out of the grant. If a project is completed with less than the total project cost expended, the grant award and required match funds will be proportionately reduced.

Application Type	Min. Grant	Max. Grant	Min. Match
Single Municipality	\$2,500	\$25,000	10% of total project cost
Multi-Town	\$2,500	\$35,000 - 60,000	10% of total project cost

Municipalities seeking funds for large, multi-year projects are encouraged to separate projects into related, stand-alone phases, each with a defined product. You may apply for subsequent grants through the Municipal Planning Grant Program to complete later phases (See *Single Project Scope Requirement* below).

DHCD reserves the right to award less than the amount requested, based on the availability of funds or scope of work.

Eligible Activities

Funds *may* be used to:

- Underwrite expenses for public meetings and hearings, informational workshops, citizen surveys, outreach, and notification costs.
- Provide accommodations and incentives for under-represented and lower-resourced people impacted by the project to participate in surveys, focus groups, or events; these could include accommodations like event childcare, translation services, or transportation reimbursement.
- Support research, data collection, capacity studies, inventories, and mapping.
- Pay consultants, interns, regional planning commission staff, or legal fees associated with the project.
- Purchase materials needed to produce a bylaw or implement or administer the project -- like writing supplies, maps, and copies.
- Conduct other non-prohibited activities.

Funds *may not* be used to:

- Support political activities.
- Support projects incompatible with the Regional Plan.
- Pay regional planning commission dues.
- Reimburse expenses incurred before the grant is awarded.
- Subsidize tax mapping (see *Mapping Requirements* below).
- Pay municipal officials or municipal staff.
- Capitalize a “reserve” fund for use beyond the grant period.
- Purchase computer hardware, software licenses or subscriptions, or other equipment not related to a specific grant funded planning event.
- Pay for the cost of administering the grant (such as municipal or regional staff time for documenting grant expenditures and submitting the progress report and close-out).
- Support plans, bylaws, and policies that violate the State or Federal Fair Housing Act. Fair housing training is available to all grantees and is encouraged for projects relating to housing and/or revisions to zoning bylaws. Please contact Shaun Gilpin, Housing Policy Specialist at shaun.gilpin@vermont.gov if you are interested in training opportunities.

Mapping Requirement

- All GIS mapping must follow applicable [VCGI data guidelines or standards](#).
- Parcel mapping projects may not be funded through this program.
- Any new GIS data layers created as a result of the project will need to be submitted via the [GIS Data Submission Online Intake Form](#) at closeout.

Single Project Scope Requirement

These grants are limited to projects with a singular and well-defined focus, even if the proposal is part of a larger project. If multiple products or separate consultant projects are proposed for these funds, the application *may* not meet the single project scope requirement. This finding will result in a lower score and only one of the projects will be funded if a grant is awarded. Applications for parts of larger projects must identify this in the application and explain any funding or sequencing dependencies.

Coordination with State Agencies

Some local regulatory projects require coordination with State agencies that have planning and regulatory authority. For projects where State authority can be anticipated (such as projects that regulate setbacks from State highways or plan community septic systems), applicants must identify the relevant agencies as project partners and stakeholders and include a task for coordinating with that agency in the work plan. Applicants are also encouraged to review the work plan with any such agency and include comments from the agency as an attachment to the application.

Project Eligibility

All grant-funded projects must:

- Increase housing choice, affordability, and opportunity in areas planned for pedestrian-oriented smart growth, which may include areas within and adjacent to [State designated areas](#).
- Consult Vermont Housing Finance Agency's [community housing profile](#) and [housing-ready toolbox](#).
- Consult the [Enabling Better Places: A Zoning Guide for Vermont Neighborhoods](#).
- Consult the [Neighborhood Development Area](#) designation checklists as a model for pedestrian-oriented smart growth neighborhoods, as appropriate.
- Identify municipal water and wastewater disposal infrastructure, municipal water and sewer service areas, and the constraints on that infrastructure based on the best available data;
- Increase allowed housing types and uses, which may include duplexes, to the same extent as single-family homes;
- Include parking waiver provisions in areas planned for smart growth consistent with smart growth principles [as defined in section 2791 of this title](#) and as appropriate;
- Review and modify street standards that implement the complete streets principles as described in [19 V.S.A. § 309d](#) and that are oriented to pedestrians
- Reduce nonconformities by making the allowed standards principally conform to the existing settlement within any area designated under chapter 76A of this title and increase allowed lot, building, and dwelling unit density by adopting dimensional, use, parking, and other standards that allow compact neighborhood form and support walkable lot and dwelling unit density, which may be achieved with a standard allowing at least four units per acre or allowing the receipt of a State or municipal water and wastewater permit to determine allowable density or by other means established in guidelines issued by the Department;
- Restrict development of and minimize impact to important natural resources, including new development in flood hazard areas, undeveloped floodplains, and river corridor areas, unless lawfully allowed for infill development in §29-201 of the [Vermont Flood Hazard Area and River Corridor Rule](#);
- Update the municipal plan's housing element, if needed and as provided in subdivision [4382\(a\)\(10\)](#) of this title related to addressing lower- and moderate-income housing needs, and implement that element of the plan through the bylaw amendments; and

- Comply with State and Federal Fair Housing Act, including the fair housing provisions of Vermont's Planning and Development Act.

Vermont's Smart Growth Principles

(13) "Smart growth principles" means growth that:

(A) Maintains the historic development pattern of compact village and urban centers separated by rural countryside.

(B) Develops compact mixed-use centers at a scale appropriate for the community and the region.

(C) Enables choice in modes of transportation.

(D) Protects the State's important environmental, natural, and historic features, including natural areas, water quality, scenic resources, and historic sites and districts.

(E) Serves to strengthen agricultural and forest industries and minimizes conflicts of development with these industries.

(F) Balances growth with the availability of economic and efficient public utilities and services.

(G) Supports a diversity of viable businesses in downtowns and villages.

(H) Provides for housing that meets the needs of a diversity of social and income groups in each community.

(I) Reflects a settlement pattern that, at full build-out, is not characterized by:

(i) scattered development located outside compact urban and village centers that is excessively land consumptive;

(ii) development that limits transportation options, especially for pedestrians;

(iii) the fragmentation of farmland and forestland;

(iv) development that is not serviced by municipal infrastructure or that requires the extension of municipal infrastructure across undeveloped lands in a manner that would extend service to lands located outside compact village and urban centers;

(v) linear development along well-traveled roads and highways that lacks depth, as measured from the highway.

Competitive Criteria

DHCD will use a set of competitive criteria to score and rank applications meeting the eligibility requirements. Grants are awarded based on the application score, the amount of grant funds available, and geographic equity. Applications scoring at or below 50 points will not be funded. The DHCD Commissioner reserves the sole right and responsibility to allocate grant funding.

Competitive Criteria Scoring Summary	Points
Community Need	25
Project Approach & Budget	25
Priority Locations	25
Public Outreach	25
TOTAL	100

Community Need

Projects that identify a clear commitment to meet the project eligibility requirements and thoroughly explain the community’s housing goals, need, and urgency will be most competitive. Refer to the community profile on housingdata.org.

Project Approach & Budget

Successful applications and projects focus on the work plan and budget. Competitive approaches will demonstrate that the project is realistic for a 24-month period, effectively sequenced, and reflects proactive public outreach.

Priority Locations

As a location-based grant, applications that target bylaw modernization in the following eligible smart growth areas will be most competitive.

- ✓ High-demand housing markets with limited affordability and cost-burdened households
- ✓ Projects that relate to state designated areas in accordance with [24 V.S.A. Chapter 76A](#)
- ✓ Redevelopment-ready and infill-ready areas served by unconstrained water and wastewater
- ✓ Projects that relate to areas likely to result in near-term housing development
- ✓ Projects that relate to areas eligible for [Neighborhood Development Area \(NDA\)](#) designation (also known as ‘neighborhood planning’ areas mappable on [Vermont’s Planning Atlas](#))
- ✓ Municipalities that will use this funding to prepare for and pursue [NDA designation](#)

Public Outreach & Project Partnership

Planning projects are more successful when:

- There is sustained public outreach throughout a project;
- There is clear community support at the outset; and
- They are done in partnership with organizations outside the municipal government.

Competitive applications will demonstrate how the project’s design and process will outreach to the broader public and stakeholders. This includes any necessary coordination with relevant State agencies *as well as* underserved, historically discriminated against, under-represented, cost-burdened, and lower-resourced populations in the community. The most competitive applications will include effective

ways to integrate the participation of and meet the needs of diverse stakeholders impacted by the project.

Zoning can have the effect of excluding and segregating populations. Equity-oriented projects that measure and consider ways to overcome disparities, income segregation, cost-burdens, or unfair impacts to certain populations will be more competitive.

Application

The fillable PDF application is available on the [Bylaw Modernization Grant](#) webpage. Applications will be submitted by email.

Grant Awards and Administration

Applicants will be notified of award decisions via email in December.

In the event of partial funding, applicants are asked to submit a modified work plan and budget. Grant agreements and requisition invoice forms will be sent to each successful applicant after awards are announced. Completion and submittal of these requisition forms will be required for payment.

Granting term – January 1, 2024 – December 31, 2025.

Grant payments and reporting requirements are as follows:

- **First Payment** – Upon execution of the grant agreement, a requisition may be submitted for an advance payment of 40% of the award amount.
- **Second Payment** – Mid-project progress reports are due January 1, 2025. Requisition for 30% of the award may be submitted along with a progress report, including specific reporting requirements.
- **Third, or Final Reimbursement** – Up to 30% of the award is made on a *reimbursement basis*, after a successful grant closeout.
- **Close out Documentation Requirements** – The reimbursement is made when the following information is submitted, reviewed, and approved by the Department.
 - **Final Project Report** – the report shall be written on a form provided by the Department.
 - **Final Product** – copies of any final products, as detailed in Attachment A of the Grant Agreement. The final product must include evidence that the Bylaw Modernization Grant program, administered by the Department of Housing and Community Development, is credited for funding on the product itself.
 - **Financial documentation** – including a summary ledger to accurately maintain financial records throughout the grant period, and
 - Copies of all invoices and receipts for all project expenditures, including match funds, and one of the following:
 - Copies of all canceled checks, or
 - A detailed transaction report which includes: date, recipient, check number, and amount. The report must be signed and certified by the Treasurer as true and accurate.

- Canceled checks or detailed transaction reports **must** demonstrate that all invoices have been paid by the municipality.
- **GIS Work** – If GIS work was done with grant funds, and if new data layers were created, please confer with the consultant and have them submit the new data layers via the [GIS Data Submission Online Intake Form](#).

While grant activities, and all costs associated with the project, must be completed by December 31, 2025, grantees have up to one month after that date to assemble a final report. Final reports must be submitted no later than January 31, 2026.

Purchase of goods and services through the grant must conform with the procurement requirements defined in [Attachment D to the Grant Agreement](#). In most cases, consultants must be selected through a competitive process.

All final products and public communication must acknowledge funding from the Bylaw Modernization Grant Program, administered by the Vermont Department of Housing and Community Development.

Amendments

Minor alterations to the work plan or the approved budget may be allowed but only upon request and approval from DHCD. Substantial alterations are not allowed, and the final product must remain the same.

No time extensions are offered. Projects that cannot be completed within the grant period under the terms of the grant agreement will be rescinded.

Consultant Selection

The rules for consultant selection are detailed in the grant agreement’s procurement provisions (see [Attachment D of the Grant Agreement](#)).

Pre-Application Process

Consultants may be selected before the application is submitted. If a municipality engaged in a competitive procurement process while developing the grant application and selected a contractor at that time, there is no requirement to re-open the selection process if the grant is awarded, provided the scope of work remains substantially similar to what was in the contractor’s proposal.

Simplified Bid Process

For contracts up to and including \$10,000, the grantee is required to obtain price or rate quotations from a reasonable number of sources, but no less than two, and maintain a record of the same in its files.

Competitive Bid Process

For contracts more than \$10,000, the grantee is required to use a competitive selection method, soliciting from an adequate number of sources. A Request for Proposals (RFP) or

Regional Planning Commission as Agent

For rural towns with a population of less than 2,500 as defined in [24 V.S.A. §4303\(25\)](#), the regional planning commission may serve as an agent of the town for the Bylaw Modernization Grant.

The agent is expected to prepare the application, support grant administration and will be exempt from competitive selection if serving as a project consultant, but the municipality must remain the financial administrator.

RPCs may also serve as the agent for any multi-town group, including rural and non-rural towns.

Request for Qualifications (RFQ) should be broadly publicized to permit reasonable competition. The grantee must maintain records in its grant file to document how the decision was made.

Exceptions to Bid Process

If the grantee is a “[rural town](#)” or a multi-town group (which may include rural and non-rural towns) and has identified the regional planning commission as its agent in the application, the simplified bid and competitive processes for hiring the regional planning commission are not required.

Consultants working on an earlier phase of a multi-phase project may be re-selected for the project phase funded by the Bylaw Modernization Grant to maintain continuity between phases with approval by DHCD.

Information

<https://accd.vermont.gov/content/bylaw-modernization-grants>

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