

FY2022 Bylaw Modernization Grants

Program Description and Guide

Special one-time funding to update bylaws, implement Zoning for Great Neighborhoods, and expand choice and opportunity for homes in pedestrian-oriented neighborhoods



Bristol Village Cohousing Development

Program Overview

In fiscal year 2022 (July 1, 2021– June 30, 2022)¹, the Vermont Department of Housing and Community Development (DHCD) has \$500,000 to grant to municipalities for land use, development, and zoning bylaw updates in support of a pedestrian-oriented development pattern that increase housing choice and affordability within smart growth areas and in accordance with Vermont’s smart growth principles ([24 V.S.A. §2791](#)). This funding is intended to help communities confront the State’s housing shortage and ready areas for new housing investments.

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 application grants are eligible for grants up to a maximum of \$60,000 based on a minimum number of participating towns (see details below). All applications are required to provide a minimum cash match of 10%, which will be forgiven for all bylaw modernization projects with bylaw amendments being adopted prior to grant closeout.

A municipality may apply for Bylaw Modernization Grant funding in addition to a recent or fiscal year 2022 [Municipal Planning Grant](#) if there is demonstrated capacity to complete both projects.

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 February 1, 2022 – January 31, 2024. No time extensions will be granted.

- October 1, 2021: application posted on the program’s page
- September 30, 2021: deadline for RPC confirmation of municipal planning process
- **November 15, 2021: application deadline, 6 p.m.**
- January 2022: award decisions
- February 1, 2023: mid-project report due
- January 31, 2024: project completion and all funds spent
- February 29, 2024: final report and products submitted

¹ Act 74 <https://legislature.vermont.gov/bill/acts/2022> and informed by Senate Bill 101 (2021)

Eligible Applicants

Single Municipality

Individual municipalities with a local planning process confirmed by the regional planning commission (RPC), including an unexpired plan, on or before September 30, 2021, are eligible to apply. To be confirmed, a locally adopted plan must be approved by 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](#).

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 Government; delinquent in submitting their subrecipient annual reports; or delinquent in submitting their single audit reports (if required).

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.

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 by September 30, 2021, 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 bylaw modernization projects with bylaw amendments being 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 grant award. For example: a maximum individual grant amount of \$25,000 would require a minimum 10% match of 2,500, for a total project cost of \$27,500.

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 grant amount. For example: a maximum multi-town application of \$35,000 would require a minimum 10% match of \$3,500 for a total project cost of \$38,500. The minimum required match will be proportionally forgiven for all bylaw modernization projects adopted prior to grant closeout, based on the number of participating municipalities.

Match Forgiveness

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

Projects that **ARE** adopted prior to closeout.

Application Type	Total Project Cost, including match	Grant Award	Total Grant Reimbursement Paid to Municipality at Closeout
Single Municipality	\$27,500	\$27,500	\$27,500
Multi-Town*	\$66,000	\$66,000	\$66,000

*example scenario with all participating municipalities successfully adopting prior to closeout

Projects that **ARE NOT** adopted prior to closeout, will have the required 10% cash match reduced at grant closeout.

Application Type	Total Project Cost, including match	Grant Award	Total Grant Reimbursement Paid to Municipality at Closeout
Single Municipality	\$27,500	\$27,500	\$25,000
Multi-Town	\$66,000	\$66,000	\$60,000

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, are 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 grant amount
Multi-Town	\$2,500	\$35,000 - 60,000	10% of grant amount

Municipalities seeking funds for large, multi-year projects are encouraged to separate projects into related, stand-alone phases, each with a defined product upon completion and 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.
- Accommodations and incentives for survey, focus group, survey or event participation by under-represented and lower-resourced people impacted by the project – such as event childcare 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.

Coordination with State Agencies

Some local regulatory projects require coordination with state agencies that have planning and regulatory authority, such as setbacks from State highways or community septic systems. For projects where State authority can be anticipated, applicants must identify the relevant agencies as project partners 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 smart growth 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.
- Comply with State & Federal Fair Housing Law, including the fair housing provisions of Vermont's Planning & Development Act.
- Implement the municipal plan's housing chapter unless the chapter itself needs updating.
- Based on the best available information and as appropriate, identify municipal water supply and wastewater disposal capacity and system constraints, and map the service areas.
- Avoid development of and minimize impact to important natural resources.
- Increase allowed lot/building/dwelling unit density by adopting dimensional, use, parking, and other standards that allow compact neighborhood form and support walkable lot and unit density, which may be achieved with a standard allowing at least four per acre or allowing obtention of a State and/or municipal water & wastewater permit to determine allowable density.
- Increase allowed housing types and uses, which may include duplexes to the same extent as single-family homes.
- Reduce nonconformities by making the allowed standards principally conform to the existing settlement (lots, buildings, and uses) within designated centers.
- Include street standards that implement the complete streets principles as described in [19 V.S.A. §309d](#) and that are oriented to pedestrians.
- Include parking waiver provisions.
- Avoid new development in flood hazard areas, undeveloped floodplains, and river corridor areas, unless lawfully allowed for infill development or as acceptable in [§§29-201 of the Vermont Flood Hazard Area and River Corridor Rule](#).

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 invest time and focus on the work plan and budget. Competitive approaches will demonstrate that the project is realistic for a 24-month period, be effectively sequenced, and reflect strong 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.
- ✓ Areas likely to result in near-term housing development.
- ✓ 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;
- They begin with strong community support; 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 state agencies *and* under-served, historically discriminated, under-represented, 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.

Application

The application will be posted on the program's [webpage](#) on or before October 1, 2021.

Grant Awards and Administration

Applicants will be notified of award decisions via email in January of 2022. 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. All grant management forms and instructions will be made available.

Granting term – February 1, 2022 – January 31, 2024.

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 February 1, 2023. 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 (must be dated January 31, 2024, or earlier) 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 numbers, amount, and the report must be signed and certified by the Treasurer as true and accurate.
 - Canceled checks of detailed transaction report **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 January 31, 2024, grantees have up to one month after that date to assemble a final report. Final reports must be submitted no later than February 29, 2024.

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 Request for Qualifications (RFQ) should be broadly publicized to permit reasonable competition. The grantee must maintain records in its files 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.

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.

Information

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

Program Staff

Jenni Lavoie

DHCD Grant Specialist

802-828-1948

jennifer.lavoie@vermont.gov

Jacob Hemmerick

Planning & Policy Manager

802-828-5249

jacob.hemmerick@vermont.gov