

Sec. 2. 24 V.S.A. § 4307 is added to read:

§4307. MUNICIPAL BYLAW MODERNIZATION GRANTS 5

(a) There is created Municipal Bylaw Modernization Grants to assist municipalities in updating their land use and development bylaws. Bylaws updated under this section shall increase housing choice, **affordability** and opportunity in smart growth areas. The Grants shall be funded by monies allocated from the municipality allocation of the Municipal and Regional Planning Funds established in subsection 4306 (a)(3)(C) of this title and any other monies appropriated for this purpose

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(e) To be eligible for funds, a municipality shall adopt bylaws that support a neighborhood development pattern that is pedestrian oriented and consistent with smart growth principles established in 2791 of this title. The municipality shall commit to adopting bylaws that increase housing choice, **affordability** and opportunity in unconstrained water and sewer service areas that are located outside important natural resources areas and are located outside identified flood hazard areas and river corridors or are suitable for infill development as defined in §29-201 of the Vermont Flood Hazard Area and River Corridor Rule.

(f) To receive the grant, the municipality shall:

- (1) identify water and sewer infrastructure, constrained water and sewer service areas and the constraints on that infrastructure and;
- (2) allow duplexes within smart growth areas to the same extent that single-family dwellings are allowed;
- (3) require parking waiver provisions in appropriate smart growth areas and situations;
- (4) review and modify street standards that implement the complete streets principles as described in V.S.A. § 309d and that are oriented to pedestrians; and
- (5) adopt 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 units per acre with site and building design standards or minimum lot sizes of at least one-quarter of an acre, or by other means established in guidelines issued by the Department; **and**
- (6) **provide that 20% of new housing units will be affordable as defined in V.S.A. § 4303.**

OR

(6) if its municipal plan is regionally approved, demonstrate how the bylaws support implementation of the housing element of its municipal plan as provided in V.S.A. § 4282(a)(10) related to addressing lower and moderate-income housing needs.