



LIHEAP WEATHERIZATION PROGRAM
POLICY & PROCEDURES MANUAL

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Section 1: Overview

With the approval of Tennessee's Low Income Home Energy Assistance Program (LIHEAP) Model Plan, the Tennessee Housing Development Agency (THDA) has been granted authority to allocate up to 10% of the state's LIHEAP allocation to be used for LIHEAP Weatherization (LIHEAP Wx, or "LWx").

THDA will use these allocated funds in concurrence with the Department of Energy's Weatherization Assistance Program (WAP). LWx funds are available to subgrantees administering DOE's WAP, with allocations based on the same method as the WAP using a three-year rolling average from the Small Area Income and Poverty Estimates program. THDA reserves the right to adjust allocations and reallocate funds as deemed necessary.

Crisis Component – Pilot Program under LWx26

10% of the state's LIHEAP budget is allocated for year-round crisis assistance, this includes a Crisis Utility Assistance provided by the LIHEAP network of providers and a Crisis HVAC Repair and Replacement Assistance administered by the LWx network of providers. Additional guidance on the utility assistance is linked here: [Low-Income Home Energy Assistance Program](#).

See [Section 12](#) of this Program Manual for additional details.

Section 2: Subgrantee Guidance

Contract Overview

LIHEAP Weatherization contracts are prepared by THDA WAP and legal staff and executed after signed by the Director of Community Services at THDA and the Subgrantee Executive Director.

It is the responsibility of staff working with the weatherization program(s) to maintain access and familiarity with the executed contract and the requirements contained therein.

SAM.gov

The Grantee shall maintain a current System for Award Management registration and provide documentation of such upon request.

Training

Appropriate staff must attend and participate in training as directed by THDA.

Software Use

Subgrantees must utilize software (such as WAPez or Smart Simple) as directed by THDA and other program forms and notice templates as required and provided by THDA.

Subgrantees must enter all data related to approved applications in the THDA WAP Database, SmartSimple, or other data platform required by THDA. Data is to be continuously and timely entered and updated for each address from the point the application is accepted until the weatherization service is completed, as applicable. The subgrantee is required to monitor data entry for accuracy.

Document Retention

Subgrantees must maintain a file for each address selected for LIHEAP-Wx with documentation to support program eligibility, the energy audit process, work performed, bid and invoice details, and contractor and auditor assignments for the specific job. This file is to be retained for a minimum of five (5) years from the date the contract expires or is terminated and is to be provided to THDA or the State or federal government upon request.

Properties Served

Subgrantees must maintain an ongoing list of all addresses that have received weatherization services under the Contract for 15 years from the date of the completion of such services. The list must also outline which services were rendered at the address. No other personally identifiable information may be maintained in the list. Subgrantees must check all new applications submitted against this list to establish eligibility. The list must be provided to THDA upon request.

Section 3: Client Eligibility

To access LWx funding for weatherization, an applicant must be determined as eligible for DOE's Weatherization Assistance Program.

Under DOE WAP, applicants may be deemed eligible through 1) income verification that falls at or below 200% of the Federal Poverty Level -or- 2) categorical eligibility as listed in the DOE WAP State Plan. This guidance is available in the WAP Program Manual.

Following DOE WAP, prioritization of applicants is determined on available funding for a service area (county) and if a household contains members of vulnerable population:

- Elderly Person (aged 60 and older)
 - Additional priority points assessed for persons 75 and older
- Young children under age 6

- Disabled Persons; self-declaration is permitted under DOE WAP
- Households with High Energy Burden
 - Energy burden 8.01% or more of their annual income
- Households deemed as High Residential Energy Users
 - Annual energy costs are \$1,900 or more

Note: Waitlists and Termination of services are not directly linked to LWx activities, such actions are referenced in the WAP Policy and Procedures Manual.

Section 4: Building Eligibility

To access LWx funding for weatherization, a building must be determined as eligible for DOE's Weatherization Assistance Program.

Following DOE WAP, each building must be assessed to determine eligibility for weatherization services. All of these assessment types must include DOE WAP Energy Conservation Measures recommended.

Section 5: Energy Audit

To evaluate a building as eligible for weatherization services, the subgrantee must use the following for each building type:

- Site built and 2–4-unit dwellings will utilize the NEAT energy audit tool.
- Mobile/manufactured homes will utilize the MHEA energy audit tool.
- Low Rise Multifamily Buildings (5+ units, less than 3 stories) will utilize the Low-Rise Multifamily Priority List (LRMF PL) to assess the building.

Funding Sources

Funding sources for measures should be determined after the energy audit/assessment has been completed.

LWx Energy Conservation Measures (ECMs) must have a Savings-to-Investment Ratio (SIR) of 1.0 or greater, except for Air Sealing.

LWx Health & Safety (H&S) measures are not subject to the DOE H&S minor repair cap. All H&S measures require documented justification.

LWx ECM and related Incidental Repair (IR) measures are not required to be included in the Cumulative SIR calculation for DOE WAP.

LWx expenditures are generally limited to \$10,000 but may be exceeded with a Waiver. See WAP Program Manual for more information on Waiver submission requirements.

Additional Energy Audit Requirements

Following DOE WAP, per [WPN 22-9](#), braiding WAP funds with other funding sources, **such as LWx**, requires that the unit must be modeled using an approved energy audit system to accurately account for any architectural and/or mechanical measures being installed that may affect the dwelling's energy use, when applicable/ practicable. This ensures compliance with 10 CFR 440.21(d)(1), which requires the energy audit to account for the interaction of measures.

Architectural Measures:

- Install wall, floor, ceiling, attic, and/or foundation insulation.
- Complete Blower Door Testing.
- Perform air sealing.
- Repair/replace primary windows/doors.
- Install storm windows/doors.
- Install window film/solar screens/window louvers and awnings.
- Repair minor roof and wall leaks prior to attic or wall insulation.

Mechanical measures:

- Clean, tune, repair, or replace heating and/or cooling systems.
- Install duct and heating pipe insulation.
- Install programmable thermostats and other UAC controls.
- Repair replace water heaters.
- Install water heater tank insulation.
- Insulate water heating pipes.
- Install solar water heating systems.
- Install waste heat recovery devices.

Section 6: Procurement

Following DOE WAP, all bidding processes outlined in the THDA WAP Manual must be adhered to. All LIHEAP Wx measures must be included on the work order and must identify the Program Year used if multiple contracts are active.

A detailed work order that identifies all the required and allowable measures for the specific unit is required when posting the job for bid. The detail provided also serves to hold the contractor accountable to perform all the work specified and for which the bid was submitted

Section 7: Work Orders

It is the responsibility of the subgrantee to review every work order and ensure that sufficient detail is present, and the work order clearly and correctly outlines the scope of work to be performed. This review includes ensuring that all ECM and related Incidental Repairs on the work order meet minimum SIR values, the correct cost library and estimated costs are present, and that only those items allowed under the program are included.

Following DOE WAP, the work order must include:

- The year the home was built
- If a Certified Renovator Firm is required as a result of specific measures included in the work order
- Pre-weatherization CFM reading and post target
- Detailed performance and installation requirements/objectives to be included in crew/contractor work orders from the completed energy audit, including R-values, U-values, installed equipment efficiencies, infiltration and duct sealing targets
- List of all measures proposed, the funding category (e.g., ECM, IRM, H&S, etc.) for each, and the funding source for each (i.e., DOE WAP, LWx, etc.).
 - Note: LWx IRs may only be tied to LWx ECMs. Likewise, for ECMs and IRs funded under DOE WAP.

Section 8: Inspections

Following DOE WAP, per 10 CFR 440.15(g), every dwelling unit weatherized must have a quality control inspection, performed by a certified Quality Control Inspection (QCI) inspector.

Quality control inspections ensure that weatherization services have been provided in a quality manner and that the home is left in a safe condition. The subgrantee is required to perform a QCI on 100% of all units using certified energy auditors with a quality control inspection micro credential.

Section 9: Weatherization Worker Requirements

Following DOE WAP, there are 3 classifications of workers that will interact directly with the applicant to aid through the weatherization process. These weatherization workers, Energy Auditors (EA), Quality Control Inspectors (QCI) and installers (Crew) may be employees of a Subgrantee agency or contracted to perform these services.

All Subgrantees and subcontracting agencies (contractors) must be registered in the System for Awards Management (SAM) to verify they are not listed on the Excluded Parties Listing (EPLS).

All Subgrantees and subcontracting agencies (contractors) must maintain and provide proof of liability insurance. Subgrantees may set the minimum requirement for contractors.

Additional details are available in Chapter 11 of the WAP Program Manual.

Section 10: Invoicing Requirements

Frequency

LWx, like DOE WAP, is a cost reimbursement program and subgrantees are reimbursed monthly upon submission of the required invoicing documents.

All invoices must be submitted within 30 days from the end of the month, in which the expense was incurred. An invoice is not considered to have been submitted in its entirety unless it is accompanied by documentation to support the expenditure(s).

Use of Invoice Workbook

Invoices are to be submitted using the THDA provided Invoice Workbook provided at the beginning of each Program Year. This template is available upon request. All invoices must be accompanied by documentation that supports all expenditures within the invoice, including a General Ledger summarizing expenditures under each budget category. THDA reserves the right to request additional verification for any line item listed.

Details of supporting documents are further explained in the WAP Program Manual.

Method of Submission

All invoices must be submitted using THDA's Electronic File Transfer (EFT) Server.

- No paper or email submissions will be accepted.
- Each invoice must be one PDF document.

- Email WAP@thda.org to notify THDA staff of new invoice upload. In return, THDA staff will notify the agency that the documentation has been received. If no notification is received by the subgrantee 4 days after submission, please contact THDA staff.

Accompanying WAP Invoice

LWx funds are designed to supplement the WAP; monthly LWx invoices should be submitted in conjunction with a WAP invoice for the same month. Invoices will be delivered in a separate PDF file from the WAP invoice. All invoices will be reviewed for accuracy prior to payment being made. Any discrepancy must be resolved before payment is made.

Blending and Braiding of Funds

Following federal program financial regulation 2 CFR 200.405(d), a single expenditure that benefits both WAP and LWx cannot be solely funded through LIHEAP Wx. All expenses in these categories must be allocated with a reasonable percentage or hours to the same budget category in WAP.

Budget Categories

Budget categories are limited to Administrative, Program Support and Program Operations. Under LWx, benefits cannot be paid directly to the applicant.

Administrative Costs

Administrative expenditures are limited to 9% of the total LWx set-aside, subject to change each program year. THDA will allocate the available Admin across partners based on the program dollars allocated and justified by the SAIPE data.

Administrative costs may be paid based on the guidance provided in the appropriate OMB circular(s) and other program guidance for the specific subgrantee (governmental or non-profit), and in accordance with the subgrantee's submitted and approved annual budget. The subgrantee should define their administrative cost consistent with the generally accepted accounting practices and procedures within each organization.

Admin: Indirect Costs

Indirect costs can be included in Administration and will be considered an allowable cost provided there is a federally approved indirect rate(s) or cost allocation plan; de minimis may be used if there is no approved negotiated rate agreement. The indirect cost rate used may be approved by a federal department or agency other than DOE. The rate/amount allowable does not invalidate the Program budget category limits.

Program Support

Program support expenditures are limited to 10% of the total LWx set-aside and the maximum permitted per subgrantee is indicated in the initially approved budget. Program Support is eligible to support the salaries and benefits of weatherization staff carrying out tasks directly related to the program operations.

Staff must be listed as Weatherization Personnel in the subgrantee's DOE WAP Operational Plan. Subgrantees should be prepared to provide supporting documentation to verify the activities related to time charged to this category.

Program Operations

Program Operations are generally defined as the direct costs necessary to implement weatherization of an eligible dwelling unit.

Allowable expenditures include:

- Energy Audit
 - Salaries/benefits for staff auditors when performing tasks associated with energy audits
 - Contracted fee for non-staff auditors
 - Note: this line item should be prioritized under the appropriate DOE WAP budget category and only charged to LWx if the DOE WAP funds have been exhausted.
 - Inspections are not eligible under LWx
- LWx Energy Conservation Measures
 - As justified by an energy audit
 - Includes Incidental Repairs (IRs) needed for ECMs
- LWx H&S Measures
 - Solely for the mitigation of energy-related health and safety hazards which are necessary for the installation of weatherization materials
 - Includes materials and labor.
 - Note: If a measure qualifies as WAP H&S, it should not be charged to LWx.
- LWx General Measures *Not Linked with DOE WAP that do not have SIR requirements but will require documented justification:*
 - Clean & Tune for HVAC Units unless called for in the energy audit, per [WPN 22-7](#)
 - Water Conservation Measures
 - Low-flow showerheads
 - Faucet aerators
 - Energy related roof repair

- Appliance Repair/Replacement
 - Refrigerators: inoperable, damaged seal, or in disrepair.
 - Like for like in size, standard top-freezer models only.
 - Cooking appliances: Stove, cooktop, or microwave
 - If not justified by energy audit, must have documented reason for repair/replacement and approval by THDA prior to bid posting.
- Storm Window(s)
 - Not called for as an ECM but needed to mitigate air infiltration or water intrusion. Photo and written justification and THDA approval required prior to bid posting.
- Windows/Slider
 - Replacement of exterior windows only; measurements and style may not differ from original. Energy star only.
 - Slider replacements are limited to one (1) per dwelling.
 - Window replacements are permitted if needed to resolve a bulk water intrusion issue that is the cause of visible biological growth. Written explanation and photos of the biological growth must be documented in the client file.
 - SHPO and HOA approvals must be documented, if applicable.
 - Repair of glass pane is allowable.
- Doors
 - Exterior only and like-for-like; measurements and style should not differ from original.
 - On a case-by-case basis, door replacements may differ from the original type of door with documented justification and prior THDA approval.
 - Justification for all replacements must be documented.
 - SHPO and HOA approvals must be documented, if applicable.

Section 11: Monitoring Overview

Monitoring of LWx contracts will coincide with all formula and/or multifamily WAP programmatic, technical and financial monitoring visits.

Section 12: Crisis

HVAC Repair and Replacement Crisis Pilot Program

The HVAC Repair and Replacement Crisis Pilot program is not weatherization; an energy audit and SIR justification are not required. The activities outlined here are related to crisis mitigation and the administrative duties outlined here are under the purview of LWx Administrators. Participation in this program does not prohibit recipients from applying for and receiving weatherization services.

Eligibility

Client Eligibility

Eligible households must have:

- A non-functioning or inoperable cooling / heating system.
- Responded to the Opt-In communication sent by THDA, indicating the household's HVAC system is not working properly and the household would like to be referred to a Subgrantee for assessment of unit and possible repair or replacement.

Building Eligibility

- Site built homes
- Mobile/manufactured homes
- Duplex with independent HVAC system
- Condo with independent HVAC system

For owner-occupied homes, ownership of the home must be verified, and a Service Agreement must be completed and retained in the client file.

For renter-occupied homes, ownership of the home must be verified and a Service Agreement signed by the owner and renter must be completed and retained in the client file.

Outreach & Referrals

For the pilot program, all outreach efforts will be handled by the THDA LIHEAP team. All approved applications through October 1, 2025 - June 30, 2026 will be considered for this program.

For LWx agencies to initiate the assessment, households must have:

1. LIHEAP application submitted and **approved** for Crisis or Regular Utility Assistance

2. **Responded** accurately to the Opt-In communication sent by THDA, indicating the household's HVAC system is not working properly and resulting in a referral to a Subgrantee for assessment of unit and possible repair or replacement.

Required Documentation

1. Application

This form must be completed before services can be rendered. It must be completed, signed and returned via any method deemed acceptable by the agency, including mail, email or text message.

Applications submitted without the Opt-In communication will not be considered valid and must be denied.

2. Service Agreement

Service Agreement for Owners

This form is to be completed by applicants who own their home. If the applicant is not the owner, but the owner resides in the home, a Service agreement for Renters should be completed.

Service Agreement for Renters

This form is to be completed by applicants who rent their home and the landlord/building owner. Agencies may send out separate copies to each party to expedite completion and merge once both forms have been received. This is a two-page document, and both copies are required for it to be considered complete and valid.

3. Verification of Home Ownership

The ownership of the building must be established and documented. If the unit is owned by individuals - either in whole or part - permission must be obtained from all owners before work takes place with the following exception(s) noted below. This applies to owners/co-owners that may or may not reside in the unit. If there are multiple owners, and an owner noted on the deed has passed, a death certificate will be required; if a co-owner is not available, the presiding owner must resume the responsibility for the co-owner in requesting assistance from the subgrantee without malice or to cause injury to that subgrantee. If the applicant is renting, additional information is required from the landlord/building.

4. Crisis Validation Questionnaire

Questionnaire must be completed by phone or in-person. Required documents #1-3 should be collected prior to the questionnaire being started.

For in-person visits, agency must determine if the home is structurally sound (not sound is the equivalent of a WAP/LWx deferral) and that the work area around the HVAC is accessible. If either of these are determined to be lacking, the agency must collect photos and refer to THDA for final determination.

If the agency is unable to complete the questionnaire in-person, the questions may be completed by phone, and the home assessment may be included in the HVAC referral.

HVAC Referrals

Once all required documents have been collected and verified, an applicant must be referred for HVAC assessment. HVAC assessments, when able, should be conducted by a third party not responsible for the installation. This is to protect program integrity and prevent gouging of work scope or prices. If an agency is not able to obtain an HVAC contractor to provide separate functions, they must notify THDA before moving forward with the work scope.

When issuing a referral to an HVAC contractor, agencies should include a copy of the questionnaire and client contact information.

Agencies must advise the HVAC contractor at the time of referral of the following items that need to accompany the final invoice:

- Invoice with material and labor listed separately
- Manual J
- AHRI certificate
- Proof of warranty
- Copy of permits (if required)
- Photos of unit after installation

Window Units

All dwellings may be referred for HVAC assessment, however if the applicant reports that they have/need a window a/c unit only – the agency may utilize a handyman, or in-house crew, to evaluate, purchase and install a window a/c unit. They must assist applicant with filing warranty information. Filters will not be provided for these replacement types. Window a/c units must be [energy star](#) rated. The quantity of units is limited to serve the total conditioned square footage of the home.

HVAC Contractor Requirements

These are required for contractors performing work:

- Mechanical Licenses
- SAM.gov registration

- To verify ability to perform work reimbursed by federal funding
- Liability insurance
- Licensed Handymen are permitted for window replacements only

Procurement

Agencies are strongly encouraged to procure HVAC contractors prior to referrals to negotiate prices for a variety of unit types. If procurement cannot be met through this method, agencies will need to follow established bid posting, opening and award procedures.

HVAC Workscope

Once an assessment has been completed and work scope submitted, agencies should verify that the workscope, or quote, includes the following:

- Summary and confirmation of current system and its status
- Photos of existing system
- For recommended repair
 - Scope of repair, with materials and labor itemized.
- For replacements
 - Scope of work, with material and labor itemized.
 - Any additional items needed to support HVAC replacement such as:
 - Electrical system upgrade; must include photo of existing system
 - Ductwork repair; must include photo of existing ductwork

Eligible Measures

- Energy Star HVAC systems only
- Duct repair or replacement
 - Manual D required. No new duct systems will be installed or new returns will be added.
- Electrical repair/upgrades
 - Only permitted as required to support any HVAC work
- Extended warranty(s), as related to/required for HVAC repair or replacement
- 12-month supply of filters
- Thermostat

HVAC Inspections

No additional inspections outside of the permitting process are required at this time.

Invoicing

Crisis activities, like WAP and LWx, are a cost reimbursement program and subgrantees are reimbursed upon submission of the required invoicing documents. Invoicing will follow the LWx process, with the exception of increased frequency for Program Operations costs. Invoices for Program Operations may be submitted on a weekly basis.

Client File Records

Each client file must maintain proof of:

- Proof of eligibility: THDA referral.
- Required Documents 1-4: Application, Service Agreement, Verification of Home Ownership and Crisis Validation Questionnaire.
- Copy of referral to HVAC or handyman.
- Copy of quote/work order received and subsequent negotiations up to approval or denial.
- Copy of invoice including Manual J, AHRI certificate, Proof of warranty, Copy of permits (if required), Photos of unit after installation.
- Proof of agency's reimbursement of contractor invoice; this may be added after submission to THDA for reimbursement.