



# Tennessee Housing Development Agency

## LIHEAP WEATHERIZATION PROGRAM POLICY & PROCEDURES MANUAL

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# LIHEAP Weatherization (LIHEAP Wx) Manual

## 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.

Every effort should be made to spend administrative funds in conjunction with the other budget categories within a contract, or Program Year.

## Client Eligibility

All clients must be deemed eligible using the current THDA WAP application and intake process. All clients must meet the requirements detailed in the THDA WAP Manual, including having a total household income at or below 200% of the Federal Poverty Level. Likewise, priority will be given to applicants who meet one or more of the following criteria:

- Vulnerable Household Member, including the elderly, an individual with a disability or a child under 6 years of age.
- High Energy Burden
- High Residential Energy Users

## Unit Eligibility

- All units must be approved using the guidelines found in the THDA WAP Manual.
- All units must have DOE WAP Energy Conservation Measures recommended from the most current version of the Weatherization Assistant Software (NEAT/ MHEA).

## Funding Details

- All measures offered must be low-cost, cost-effective, residential weatherization or other energy-related home repairs (that do not constitute construction).
- Single Measures cannot be split between DOE WAP funds and LIHEAP Wx funds.
- Requests to Exceed are not permitted for LWx-23 and older; job costs must be at or below \$10,000 maximum per unit.
- Items charged under Program Operations are part of the \$10,000 maximum and must be considered when creating work orders. Calculation methods are the same as the Average Cost Per Unit (ACPU), but the cost does not have any flexibility to exceed \$10,000.
- For eligible measures, "like for like" must be used wherever feasible. Significant differences must be documented and discussed with the applicant and/or owner.
- **LWx-25 ONLY:** There is no maximum per job. However, any costs exceeding \$10,000 are required to have documented justification for the costs. THDA review and approval is required.

# LIHEAP Weatherization (LIHEAP Wx) Manual

## Procurement

All bidding processes outlined in the THDA WAP Manual must be followed. All LIHEAP Wx measures must be included on the final WAP work order and must identify the Program Year used if multiple contracts are active.

## Invoicing

LIHEAP Wx funds are designed to supplement the WAP. 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.

All LIHEAP Wx invoices must accompany the appropriate WAP invoice and include all backup documentation. 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.

Invoices are to be submitted on 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 on 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. Each completed job to be invoiced must be closed on the WAP Database (WAPez).

Budget categories are limited to Administrative, Program Support and Program Operations.

**Administrative:** Administrative expenditures cannot exceed 9% of the amount awarded. Allowable sub-grantee administrative costs are:

- All telephone costs, including long distance charges, incurred for LIHEAP Wx associated activities
- Salaries and fringe benefits of clerks, fiscal, other administrative and supervisory staff for time allocated to LIHEAP Weatherization
- Salary and fringe benefits of the LIHEAP Wx Coordinator when not carrying out the functions allowable under program support
- Administrative costs not covered under other defined categories, including space, copying and consumables
- Financial audit and general liability insurance
  - While this is allowable, it is THDA's recommendation to use the appropriate budget categories under the WAP contract.
- Indirect cost percentage approved by cognizant agency.

**Program Support:** Program Support expenditures cannot exceed 10% of the amount awarded. Allowable Program Support charges are:

- Direct Salaries of LIHEAP Wx staff performing tasks directly associated with LWx jobs.
- Direct Fringe Benefits of LIHEAP Wx staff performing tasks directly associated with LWx jobs.

**Program Operations:** This is the cost associated with treating a home and includes the allowable measures under LWx. Each project cannot exceed \$10,000 per unit without approval from THDA. Purchase of supplies, tools, and vehicles are permitted to perform weatherization activities with THDA prior approval. Costs must be amortized to ensure that the maximum per unit is not exceeded.

# LIHEAP Weatherization (LIHEAP Wx) Manual

## Allowable Measures under LIHEAP Weatherization 2023:

- Health and Safety
- Ventilation
- Unvented Space Heater Removal
- HVAC/Furnace/AC
- Water Heater

## Allowable Measures under LIHEAP Weatherization 2025:

Eligible measures must be categorized as an Energy Conservation Measure (ECM), Incidental Repair (IR) and must be linked to a LWx ECM, or as Health and Safety (H&S).

- Energy Audits only (QCIs not permitted)
  - Salaries and benefits for staff auditors are only permitted while performing energy audits, including deferrals and data entry for audits.
  - Contracted energy audits are permitted. The policies in the WAP Manual must be adhered to regarding contractor qualifications
  - A list of each audit and deferral must be included with this reimbursement request.
- Furnace or Cooling system:
  - Units that are poorly functioning or non-functioning may be eligible for maintenance or repair.
    - Repairs can include but are not limited to cleaning and tune-up.
  - Units that are found to be poorly functioning, non-functioning, or beyond repair may be eligible for replacement meeting the following guidance:
    - New systems must meet current Energy Star rating or equivalent
      - AHRI shall be submitted by contractor/crew prior to installation.
      - Verification of model number will be obtained on-site during inspection.
    - New Systems must have a Manual J calculation.
      - Subgrantees shall verify the HVAC sizing calculations are correct prior to installation.
    - HVAC units with a SEER or de-rated SEER of 10 or less should be replaced
      - Documentation of the de-rating calculation must be included in the client file
    - Central heating units with an AFUE or de-rated AFUE of 55% or less should be replaced; Documentation of the de-rating calculation must be included in the client file
    - Air filters must be replaced as needed and a one-year supply of new air filters must be provided. Air filters are ancillary to an HVAC installation and must be included in the cost of HVAC replacement.
    - Thermostats should be included as part of the HVAC replacement.
  - Dwelling units that do not have an existing central system may be eligible for:
    - Window Heat Pumps
      - A maximum of 3 window heat pump units can be installed
      - Each heat pump must be current Energy Star rated and sized according to manufacturer's room sizing specifications
    - Mini-split Heat Pumps (Ducted or Ductless)
    - Central System –

## LIHEAP Weatherization (LIHEAP Wx) Manual

- All previously stated HVAC (II)(b) sizing requirements apply - HVAC (II)(b).
- All previously stated energy efficiency requirements apply - HVAC (II)(a)
- Cost considerations of ductwork shall also be considered when selecting between options. Ductwork shall meet the above requirements.
- Unvented Space Heater Removal
  - Weatherized units cannot be left with an unvented space heater as the primary heat source.
  - Unvented space heaters that are used as the primary heat source, must be removed after the new heat source is functioning.
- Caulking/insulation (air sealing)
- Storm windows
- Water conservation measures are allowed only when they result in measurable energy savings, meaning they must reduce the energy used to heat water.
  - Low-flow showerheads
  - Low-flow faucet aerators
  - Pipe insulation
  - Water heater tank insulation
  - Fixing leaks on hot water lines or fixtures
  - Not permitted:
    - Water-saving measures that do not result in energy savings
    - Any measure that is purely environmental or related to plumbing if it doesn't tie back to energy efficiency.
- LEDs
- Energy related roof repair
  - Replacement is not permitted.
- Windows, sliders
  - Replacement of exterior windows only; measurements and type may not differ from original.
  - 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.
- Doors
  - Exterior only and like-for-like; measurements and type 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.
  - Replacements must be justified on an energy conservation basis only.
  - Justification for all replacements must be documented.
  - SHPO and HOA approvals must be documented, if applicable.
- Water heater repair or replacement
  - Water heaters repair/replacements are permitted for units that have been determined to be leaking, malfunctioning or otherwise deemed a health and safety hazard.

## LIHEAP Weatherization (LIHEAP Wx) Manual

- New water heaters must meet current Energy Star criteria or equivalent. If an Energy Star water heater cannot be installed due to space/installation restrictions, the installation of non-Energy Star water heaters on a case-by-case basis may be permitted with prior THDA approval.
- Gas water heaters must have a complete, passing CAZ test. Documentation of CAZ testing must be included in the client file.
- Ventilation
  - All units must meet ASHRAE 62.2-2016 standards.
  - ASHRAE 62.2-2016 ventilation calculation completed and included in the client file.
  - Dwellings which require added ventilation must be installed to run continuously or timed-intermittently.
  - All exhaust ducts must be insulated to R-8 outside the conditioned space and vented outside.
  - New kitchen exhaust fans must be capable of exhausting 100CFM to meet BPI/IRC requirements. Kitchen exhaust fans are an option to provide continuous or intermittent ventilation as required by ASHRAE 62.2 2016.
  - New bath exhaust fans must be capable of moving at least 50cfm of air to meet BPI/IRC requirements.
  - LWx funds may be used to repair or replace existing exhaust fans and venting as well as non-existent exhaust fans.
    - Installation of exhaust fans in rooms where one did not exist must be carefully documented with written and photo justification.
    - Compliance with ASHRAE 62.2-2016 is not required for fans that are designed to run only on- demand and serve as a supplement to the ASHRAE ventilation requirements.
- Health and Safety Measures must align with the WAP requirements with the exception of the minor repair cost maximum. H&S measures are required to be the most cost-effective option. Measures include, but are not limited to:
  - All units must meet the ASHRAE 62.2-2016 Standard (see Ventilation section)
  - Moisture issues
  - Electrical issues
  - Removal of unvented space heaters for replacement of heat source
  - Lead Safe Weatherization practices
  - Vapor barrier
  - Whenever site conditions permit, exposed dirt must be covered with a vapor barrier, except for manufactured homes