



**Department of Energy**  
Washington, DC 20585

**WEATHERIZATION PROGRAM NOTICE 22-12**  
**EFFECTIVE DATE: September 14, 2022**

**SUBJECT: MULTIFAMILY WEATHERIZATION**

**PURPOSE:** Provide Grantees with consolidated guidance on previously issued Weatherization Program Notices (WPNs) related to weatherizing multifamily buildings in the Weatherization Assistance Program (WAP).

**RELATED GUIDANCE:** Expansion of Client Eligibility in the Weatherization Assistance Program (currently, [WPN 22-5](#)), Managing Multiple Funding Streams within the Weatherization Assistance Program (currently [WPN 22-9](#)); Weatherization of Rental Units (currently [WPN 22-13](#)).

**SUPERSEDES:** WPN 16-5, Multifamily Weatherization; WAP Memorandum 035, Weatherization Leveraging

**SCOPE:** The provisions of this guidance apply to Grantees applying for financial assistance under the Department of Energy (DOE) WAP.

**LEGAL AUTHORITY:** Title IV, Energy Conservation and Production Act, as amended, authorizes the Department of Energy to administer the Weatherization Assistance Program. (42 U.S.C. § 6861, *et. seq.*) All grant awards made under this program shall comply with applicable law and regulations including the WAP regulations contained in [10 CFR 440](#), DOE Financial Assistance Rules at [2 CFR 200](#), and the Bipartisan Infrastructure Law ([Infrastructure Investment and Jobs Act](#)), Public Law 117-58.

**BACKGROUND:** Multifamily weatherization can be challenging due to complexities that exist only within multifamily buildings from differences in eligibility, to managing average cost per unit, to properly accounting for leveraged resources. This notice addresses topics that only apply to multifamily; while related Guidance referenced herein may be relevant to all housing types. DOE's purpose is to eliminate confusion at all levels of the Program while ensure that consistent guidance and technical assistance is available to Grantees and Subgrantees weatherizing multifamily buildings.

Please note, guidance specific to Weatherization of Rental Units is addressed in a separate program notice (currently [WPN 22-13](#) as this is applicable to both single-family and multifamily dwellings.

**DEFINITION:** In WAP a multifamily building is any residential building containing two or more units.

- Residential buildings with 25+ units or are more than three stories are usually referred to as large multifamily buildings
- Residential buildings with 5-24 units that are 3-stories or fewer are usually referred to as small multifamily or low-rise multifamily buildings
- Multi-unit buildings with fewer than 5 units are called 2-4 unit buildings

**GUIDANCE:** This guidance covers the following:

- Prioritizing Weatherization Work Based on Housing Type
- Multifamily Building Eligibility
- Property Listings for Use in the Weatherization Assistance Program
- Average Cost Per Unit in Multifamily Dwellings
- Buy Downs and Leveraging
- Documentation Requirements

### **PRIORITIZING WEATHERIZATION WORK BASED ON HOUSING TYPE**

The specific purpose and scope of WAP is outlined in [10 CFR 440.1](#), which states:

*“This part implements a weatherization assistance program to increase the energy efficiency of dwellings owned or occupied by low-income persons...especially low-income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with children, high residential energy users, and households with high energy burden.”*

To meet the purpose of WAP, Grantees should ensure weatherization services are provided to low-income persons that live in all types of housing (i.e., site built single-family, manufactured housing units, and multifamily buildings).

Multifamily buildings, including rental housing, offer opportunities for energy efficiency upgrades that are a cost-effective approach to lowering operating expenses, maintaining affordability, and creating healthier, more comfortable living environments for low-income families.

Grantees and Subgrantees are reminded that weatherization is designed to take place with a whole building as a system approach ([10 CFR 440.22\(b\)](#)). A single unit within a multi-unit building is not categorically excluded, but, due to the rare instances when this is allowable, DOE Project Officer (PO) prior approval is required.

## **MULTIFAMILY BUILDING ELIGIBILITY**

Specific eligibility in multifamily buildings is addressed in [10 CFR 40.22\(b\)\(2\)](#), which states: *Not less than 66 percent (50 percent for duplexes and four-unit buildings, and certain eligible types of large multifamily buildings) of the dwelling units in the building:*

- i) *Are eligible dwelling units, or*
- ii) *Will become eligible dwelling units within 180 days under a Federal, State, or local government program for rehabilitating the building or making similar improvements to the building.*

DOE's initial expectation is Grantees will target buildings with 5 or more units wherein between 66 – 100 percent of the occupants meet the income eligibility requirements. However, DOE acknowledges in the regulations there are certain buildings where 50 percent eligibility is a more appropriate threshold. DOE is explicit in establishing that this lower threshold is appropriate in duplex and four-unit buildings. In addition, in the Interim Final Rule to update [10 CFR 440](#) DOE provided guidance on what types of large multifamily buildings may be subject to the 50 percent threshold. (65 FR 77210, Dec. 8, 2000).

DOE indicated that “certain eligible types of large multifamily buildings” are those buildings for which an investment of DOE funds would result in *significant* energy-efficiency improvement because of the upgrades to equipment, energy systems, common space, or the building shell. (*Id.* at 77215) Grantees should exercise caution when using flexibility in this area. DOE's key interest is seeing the investment of DOE funds coupled with leveraged resources result in significant energy savings. Grantees should determine the definition of “significant energy savings” (definition should be included in annual State Plan) for their building stock and be able to articulate how “certain large multifamily” are designated. Grantees should consult with their DOE Project Officer if more information is necessary to adequately define when this flexibility should be used.

## **PROPERTY LISTINGS FOR USE IN THE WEATHERIZATION ASSISTANCE PROGRAM**

In the Final Rule to update [10 CFR 440](#), January 25, 2010, DOE implemented a new rule for its WAP. Under the new rule, if a public housing, assisted multifamily or a Low Income Housing Tax Credit (LIHTC) building is identified by the US Department of Housing and Urban Development (HUD) or US Department of Agriculture (USDA) and included on a list published by DOE, that building meets certain income eligibility and may meet other WAP requirements without the need for further evaluation or verification (75 FR 3847, Jan. 25, 2010).

In 2022, the DOE Secretary exercised the option to expand client eligibility to create categorical eligibility for families that qualify under a HUD means-tested program. This further reduces the burden on both the families and the agencies providing intake services and allows WAP to qualify any HUD-assisted buildings included in the “Expansion of Client Eligibility in the Weatherization Assistance Program” (currently, [WPN 22-5](#)). All additional information related to required documentation is further discussed in a following section of this program notice.

There are two fundamental elements that Grantees should keep in mind:

1. The rule expressly indicates that income qualified public housing, assisted housing, LIHTC and USDA subsidized properties *may* be eligible recipients of WAP funds. The rule does not, however, *require* Grantees or local WAP service providers to set aside WAP funds for these properties. The Grantee and/or the local service provider retain the authority to set priorities for the use of WAP funds in their service areas.
2. A public housing, assisted housing, LIHTC and USDA subsidized building that does not appear on the HUD lists or USDA records may still qualify for the WAP. The WAP Subgrantee that implements the Program can determine income eligibility based on information supplied by property owners and the tenants. Refer to [WPN 22-5](#), Expansion of Client Eligibility in the Weatherization Assistance Program for requirements to document income eligibility for these other buildings.

Grantees are encouraged to periodically check the posting of identified buildings. HUD and USDA continue to identify additional eligible properties that meet the income eligibility criteria under WAP. As those eligible properties are identified, DOE updates the lists in [Expansion of Client Eligibility in the Weatherization Assistance Program \(currently WPN 22-5\)](#).

### **AVERAGE COST PER UNIT IN MULTIFAMILY DWELLINGS**

As expressed above, duplexes, three and four-unit buildings, and buildings with more than 5 units are all considered multifamily buildings for the purposes of eligibility (and subsequently, in the reporting of units). The WAP statutory authority and regulations require that on average the cost per unit for *all* eligible dwelling units within the State during a program year does not exceed \$6,500 (adjusted annually). This allows for a Grantee to sometimes spend less than and sometimes spend more than \$6,500 (adjusted annually) on an eligible dwelling unit (the adjusted average expenditure limit for Program Year 2022 is \$8,009).

The weatherization work can result in improvements to *all* units in the building, even those that are not income-eligible but qualify for the program because the building qualifies (at least 50% or 66% of the building is income eligible, depending on the building). All completed units (units receiving energy efficiency measures), whether or not they are income-eligible, should be reported to DOE in the respective multifamily category.

### **BUY DOWNS AND LEVERAGING**

In recent years, the Department of Energy (DOE) has increased the focus on leveraging activities and specifically, since 2010, allowed a provision to include buy downs for multifamily weatherization in the Program. This provision creates flexibility for programs to install measures that save energy but do not achieve the necessary Savings-to-Investment Ratio (SIR) by allowing the agencies to secure funding to apply to the cost of the measure, bringing down the cost of the measure to meet the SIR requirement.

Because leveraging (and the terms surrounding leveraging) extends beyond multifamily housing, detailed descriptions and approaches are outlined in Managing Multiple Funding Streams within the Weatherization Assistance Program (currently [WPN 22-9](#)). Buy downs, which are specific to multifamily, are addressed in more detail below.

### **DOCUMENTATION REQUIREMENTS**

The following table provides a quick reference to convey the documentation required by DOE whether selecting buildings that appear on a HUD/USDA list or a building that is not on the list(s). These are detailed further below Table 1.

**Table 1. DOCUMENTATION REQUIREMENTS**

<b>Documentation Required</b>	<b>If on HUD or USDA List</b>	<b>If NOT on HUD or USDA List</b>
Building Owner Permission	Yes	Yes
Income Eligibility Documentation	No <sup>1</sup>	Yes
Demographics of Residents	Yes	Yes
Accrual of Benefits to Tenants <sup>2</sup>	Yes, if applicable	Yes, if applicable
Audit Runs	Yes	Yes
Landlord Participation/Buy-Down Agreements	Yes, if applicable	Yes, if applicable

#### ***Building Owner Permission***

As required in [10.CFR 440.22 \(b\)\(1\)](#), the Subgrantee is required to obtain the written permission of the owner of the building or its agent prior to proceeding with weatherization.

#### ***Income Eligibility Documentation***

Except when using the HUD/USDA lists, as referenced above, the Grantee/Subgrantee must collect income information on a unit-by-unit basis to ensure at least 66% (or 50% for duplexes and four-unit buildings and “certain eligible types of large multifamily” category) of the occupants in a five or more unit building are eligible for service. Eligibility documentation and requirements are set forth by the Grantee in the State Plan application.

<sup>1</sup> Agency must document that the HUD or USDA lists (see [WPN 22-5](#)) was used and the eligibility threshold of the list (e.g., 66% or 100%).

<sup>2</sup> If tenants are not billed directly for energy costs, WAP provider must document how benefits accrue to residents.

### ***Demographics of Residents***

As required by [42 USC 6861\(b\)](#) and [10 CFR 440.1](#) Grantees must have procedures in place to ensure that priority is given to identify and provide weatherization assistance to: elderly persons, persons with disabilities, families with children, high residential energy users, and households with high energy burden. Likewise, Grantees must ensure that the Subgrantees obtain, verify, and maintain, as required, the proper documentation on demographics for the properties to be weatherized.

Even when selecting projects from the HUD/USDA lists or buildings that are occupied by categorically eligible households, Grantees and Subgrantees must request the building owner provide information on the collected demographics. Grantees and Subgrantees are not required to collect any additional information beyond the demographics required for reporting purposes to the Grantee or DOE. Before collecting or requiring additional information to be collected, Grantees and Subgrantees should weigh the value and necessity of such information against the potential administrative burden.

When a building is on one of the HUD/USDA posted lists, the Subgrantee must state in the project file which list the building is on and the eligible percentage (66% to 100%) of units corresponding to that list. Generally, resident demographics must be reported on a unit-by-unit basis. However, for those buildings on the HUD/USDA lists, rent rolls or other such building owner records provided on an entire building or project basis are sufficient documentation to meet this requirement. Subgrantees are urged to initiate a landlord/tenant agreement to capture elements required by the regulations (e.g., benefits accrue to the tenants, tenants are not subjected to rent increases due to property improvements provided by WAP, what occurs if tenants are evicted or the building sold before a specific period of time has passed). This agreement should correspond to the type of subsidy the building receives. See Weatherization of Rental Units (currently [WPN 22-13](#)) FAQs for more information on landlord/tenant agreements.

### ***Accrual of Benefits to Tenants***

Accrual of benefits is addressed in the regulations, [10 CFR 440.22\(b\)\(3\)](#) which states that: The Grantee has established procedures for dwellings which consist of a rental unit or rental units (see Weatherization of Rental Units (Currently [WPN 22-13](#)) to ensure that:

- i) The benefits of weatherization assistance in connection with such rental units, including units where tenants pay for their energy through their rent, will accrue primarily to the low-income tenants residing in such units;

With any rental property (multifamily or not) in which the tenants do not directly pay for their own utilities, the Grantee (or Subgrantee administering the program) must demonstrate that the benefits of the weatherization work accrue primarily to the low-income tenants ([10 CFR 440.22\(b\)\(3\)\(i\)](#)). This guidance primarily addresses how Grantees can ensure that the benefits of weatherizing such a building will accrue primarily to the low-income tenants of that property. Tenants who pay their own utility bills and those with utilities included in their rent are equally eligible for WAP.

DOE is not promulgating prescriptive guidance, but rather provides examples to Grantees of how to address the accrual of benefits. DOE encourages Grantees to establish procedures that will ensure that all owners of multi-unit buildings submit sufficient detail and explanation to allow a determination that accrual of benefits requirements in [10 CFR 440.22](#) have been met. The accrual of benefits requirement may be met by demonstrating that the benefits of the weatherization accrued primarily to the tenant. Benefits, include, but are not limited to lower energy bills, establishment of a shared savings program, or additional investment in the property. Some benefits do not accrue to tenants if they do not pay individual utility bills.

Table 2 is a quick reference to convey which potential tenant benefits are valid for different utility payment arrangements.

**Table 2. ACCRUAL OF BENEFITS**

<b>Potential Benefit</b>	<b>Tenant Pays Utilities</b>	<b>Utilities Included in Rent</b>
Lower energy bills when seasonal temperatures are consistent with historic temperatures	Yes	No
"Lower than expected" energy bills in the event of hotter/colder weather than in previous years	Yes	No
Longer term preservation of the property as affordable housing	Yes	Yes
Continuation of protection against rent increases beyond that required under the WAP regulations ( <a href="#">10 CFR 440.22(b)(3)(ii)</a> )	Yes	Yes
Investment of the energy savings in facilities or services that offer measurable direct benefits to tenants	No	Yes
Investment of the energy savings from the weatherization work in specific health and safety improvements with measurable benefits to tenants	No	Yes
Additional improvements, not related to weatherization, to heat and hot water distribution, and ventilation, to improve the comfort of residents	Yes	Yes
Establishment of a shared savings program	No	Yes

Generic assertions such as “tenant services will be improved” or “weatherization will improve health and safety” are not sufficient to demonstrate that the accrual of benefits requirement is met. For example, a detailed plan of what improvements are planned, how they would benefit the tenant, and a timeline for completion would be recommended.

Any request for weatherization of eligible multi-unit buildings needs to demonstrate in sufficient detail to the Grantee/Subgrantee that the benefits of weatherization work accrue primarily to the low-income tenants.

### ***Audit Runs Including Priority List Projects***

The WAP file for each building should contain at least the following information from the energy audit:

- The recommended statement of work including the savings-to-investment ratios (SIRs) of each measure and the total project SIR.
  - If any measures were bought down or otherwise leveraged the documentation must show the pre-leveraged SIRs of each individual measure and the pre-leveraged project SIR.
  - Documentation must include the other sources that funded each bought-down measure.
- Either a printed file showing all of the building audit inputs and outputs or the immediately accessible electronic file that shows all the audit inputs and outputs. For priority list projects the file should include all pre-weatherization measurements.
- Final installed costs of each measure and the total project cost. If the project went through the bidding process, then all bid prices – winning and losing bids – must be in the file.
- All specifications defining each measure.

### ***Participation/Buy-Down Agreements***

Many WAP Programs use a combination of **federal funds** (e.g., WAP funds, Low- Income Home Energy Assistance Program (LIHEAP) funds, and Community Development Block Grant Program (CDBG)) and **non-federal funds** (e.g., utility investments from systems benefit charges or efficiency programs, state funds from special set-asides, other rehabilitation funds, private funds from landlord contributions or foundations, and other private sources) to accomplish the scope of work on a building. More detailed description of how to administer leveraged funds is contained in the Managing Multiple Funding Streams section within the Weatherization Assistance Program notice (currently [WPN 22-9](#)).

In addition, landlords may contribute to the weatherization of their buildings. There are two mechanisms for landlord contributions: *participation agreements* that address broad Grantee requirements and specific measure *buy-downs*. Grantees may establish and require participation agreements. They may also allow buy-downs. Funding sources other than landlord contributions may also be used for buy-downs.

### ***Landlord Participation Agreements***

Where landlord participation agreements exist, the Grantee policy generally requires that the building owner provide financial assistance to complete the Weatherization activities on their properties. Grantees may require a landlord investment for a property to even be considered for WAP services. The landlord contribution may be calculated as a percentage of the overall investment, percentage of WAP investment, or by some other formula.

Owner contributions that may be required by Grantees, such as the landlord participation agreements discussed above, may be separate from the monies used to buy down measures, depending on the Grantee requirements. Grantees have the flexibility to structure their requirements to meet the individual Grantee needs.

### ***Buy Downs***

At the Grantee's discretion, building owners may also "buy down" measures they typically prioritize as needs – like furnace or boiler replacements or new fenestration – that do save energy but don't achieve an SIR of 1 or greater as a stand-alone measure. Note that when using Low Rise Multifamily Priority Lists (see Streamlining the Energy Audit Process–Optional Regional Weatherization Priority Lists, currently [WPN 22-8](#)) buy downs can also be utilized to allow optional measures

This guidance addresses how Grantees (or Subgrantees administering the Program) can use buy down funding to reduce the cost of individual measures while meeting the program requirements as they relate to the SIR for the WAP investment. See the "Managing Multiple Funding Streams within the Weatherization Assistance Program" program notice (currently [WPN 22-9](#)) for more information on how to utilize "leveraged" funds as the audit process is different than funds designated as "buy downs".

It is DOE's intent to allow Grantees and Subgrantees some flexibility in calculating the SIR for a specific measure when other funds can be used to offset some of the costs, thereby reducing the WAP investment on the remaining investment. It is not DOE's intent, however, to participate in projects that do not demonstrate overall cost effectiveness in design and installation.

*NOTE: All associated health and safety costs incurred on a dwelling unit are generally treated outside the SIR when determining cost-effectiveness. However, all energy-related incidental repair measures associated with weatherizing the dwelling units are a part of the SIR when determining cost-effectiveness.*

DOE expects that all Grantees and Subgrantees will use this SIR calculation allowance only when the cost effectiveness for the entire investment in the property can still be substantiated. In other words, a measure can be bought down only when the overall SIR of the package of measures, including the full cost of the measure that will be bought down, is 1.0 or greater.

**Example:** In order for a measure to qualify for the buy-down, the package of measures, including the full cost (the pre-buy-down cost) of the measure which is to be bought down, must have an SIR  $\geq 1.0$ .

In the first case below, the replacement windows would be eligible for a buy-down in WAP; the replacement windows with a full-cost measure SIR = 0.8 could be bought down so the after-buy-down DOE measure cost would have an SIR of at least 1.0 (and the post-buy-down DOE package SIR would subsequently increase).

In the second case, the replacement windows would not be eligible for a buy-down in WAP because the pre-buy-down package SIR is below 1.0.

<b>Energy Saving Economics Case 1 – Buy-down Allowed in WAP</b>		
<b>Measure</b>	<b>Measure SIR</b>	<b>Cumulative SIR</b>
Infiltration Reduction	1.3	1.3
Lighting Retrofits	7.4	1.7
Ceiling Insulation	2.4	1.9
Replacement Windows (pre-buy-down)	0.8	1.1 ( $\geq 1.0$ )

<b>Energy Saving Economics Case 2 – Buy-down Not Allowed in WAP</b>		
<b>Measure</b>	<b>Measure SIR</b>	<b>Cumulative SIR</b>
Infiltration Reduction	1.3	1.3
Lighting Retrofits	7.4	1.7
Ceiling Insulation	2.4	1.9
Replacement Windows (pre-buy-down)	0.6	0.9 ( <b>not <math>\geq 1.0</math></b> )

Further, it is not DOE's intent to allow providers to "leapfrog" measures that are already cost-effective to accommodate a measure that is included in the package of measures as a result of using the provisions of this guidance. All measures that were cost-effective after the initial energy audit is conducted would remain a part of the list of measures to be completed on the building. Measures that did not attain the SIR of 1.0 can only be considered for buy down if all the cost-effective measures in the initial audit are also installed.

**CONCLUSION:** DOE recognizes the value and benefit that is achieved by weatherizing multifamily buildings. The WAP network has made tremendous strides in the last few years in addressing this housing stock on a national basis. DOE's aim is to continue to support Grantees (and the Subgrantees administering the work) in developing additional tools, supporting the diverse skill sets necessary, and assisting in managing the time considerations required from this type of Weatherization work.

In the last few years, DOE has invested in several Training and Technical Assistance Tools and Resources that are directly related to assisting Grantees in their pursuit of serving multifamily buildings. As these are released, DOE will notify the Grantees.

Grantees with questions or concerns related to multifamily buildings should contact their respective DOE Project Officer.

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Attachment – Multifamily Weatherization Frequently Asked Questions