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Low-Rise Multi-Family

Priority List Audit Procedures



Keli Reynolds
KENTUCKY HOUSING CORPORATION

Kentucky Housing Corporation (KHC) may decide for each project whether it will utilize the approved PL as outlined or conduct a site-specific energy audit in compliance with DOE guidance and its current written energy audit approval.

These PLs apply to any wood-framed low-rise multifamily structure that meets the following checklist:

1. Five or more dwelling units per building.
2. No more than three stories above grade in height.
3. Incidental Repair Measure (IRM) costs, as defined in [WAP WPN 19-5](#), funded with DOE WAP funds will not exceed 10% of the project's total Energy Conservation Measure ECM package.

Eligibility

Multifamily buildings are eligible if 66 percent of the dwelling units in the building (50 percent if fewer than five units) meet WAP's income eligibility requirement for a family unit whose income is at or below 200 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget. For the purposes of certifying a complex as eligible for Weatherization, all information will be current as of the date of initial application by the Landlord and verified by the Subgrantee. Subsequent move-outs by tenants after this time will not affect the eligibility of the complex. However, after a period of one year has elapsed, the multifamily complex will need to be recertified. Income data needs to be collected on these properties to give them an accurate priority point number.

Each property will be assigned a Priority Point number. This number will be determined by combining all priority points per eligible household and dividing that number by the total number of income eligible households that the property contains. This "Average" will be the number that is used to rank that property for the purposes of receiving Weatherization services.

Maximum expenditure for a multifamily unit cannot exceed the total number of income eligible units multiplied by the DOE average cost per unit (ACPU). For example, in 2025-2026, if 66 units of a 100-unit complex are occupied by income eligible tenants, the total allowable budget including administration, support and eligible measures (SIR of ≥ 1) for the project would be $66 \times \$8,547 = \$564,102$. Health and Safety (H&S) percentages as outlined in the State Plan are applicable to multifamily rental projects. Likewise, the same calculation can be applied to the LIHEAP funding to braid dollars in units.

Initial Audit Determination

For each project, the subgrantee will determine if the Grantee's approved PL will be utilized or if a site-specific energy audit is required in compliance with DOE guidance and its current written energy audit approval. This determination will be made using *Form A* (LRMF PL Checklist). These PLs apply to any wood-framed Low-Rise Multifamily structure with five or more dwelling units per building, no more than 3 stories above grade in height. If the project can use the LRMF PL, then the auditor may proceed with the initial audit as outlined herein.

Allowable Costs

If the use of the Low-Rise Priority list expends any DOE funds, KHC requires the installation of all required Health and Safety (H&S) measures per the Kentucky DOE-approved H&S plan. If the Low-Rise Priority list is applied to a project using any DOE funds, then measures listed as “mandatory” may only be skipped if it is physically impossible to install/inaccessible, regardless of funding source used for the measure. Accessible is defined as “If the area can be accessed safely it would be considered accessible. If another funding source is used for a mandatory measure, it must meet the requirements of the DOE WAP as outlined in the PL. “Optional” measures may only be installed if all other applicable mandatory measures are installed as well.

Average Cost Per Unit (ACPU) expenditure of financial assistance provided under WAP for labor, weatherization materials, and related matters may not exceed the (ACPU) limits as defined in DOE. This average includes units completed in a multifamily building of 5 units or greater. All installation costs must be procured in compliance with 2 CFR 200 and KHC’s procurement policies. Individual measure cost caps, if applicable, are detailed in the Regional Priority List.

Common Areas

Only items labeled as “Mandatory” may be installed in common spaces regardless of who pays the utility costs for these spaces. Common areas not physically connected to the qualified building, even if existing only for the use of the tenants of the qualified building, may not receive services paid for with WAP funding. “Optional” measures may not be installed using DOE WAP funds in common spaces and may only be installed in dwelling units if all other applicable mandatory measures are installed as well. If the auditor determines that the dwelling unit needs any measure not included on this PL or if the home does not meet the basic requirements listed above, then a site-specific energy audit must be run in compliance with KHC’s most recently DOE-approved energy audit procedures.

Leveraged Funding

Subgrantees who utilize alternative funding sources (non-DOE WAP) may use those funds for any measure on the PL, including splitting of costs between funding sources (co-funding) as permitted by the alternative funding source, if the project documentation clearly records which measures DOE WAP paid for and their associated cost. No DOE funds may be utilized on the project unless all applicable mandatory measures are installed. If another funding source is used for a mandatory measure, it must meet the requirements of the DOE WAP as outlined in the PL. Additional measures not included in the PL may be installed with non-DOE WAP funds as allowable by the funding source without need for additional DOE approval.

For each project, the file must contain documentation of the final invoiced costs, including a specific breakdown of costs paid by each funding source (i.e., DOE WAP, LIHEAP, Utility, etc.) and category (i.e., Program Operations, Health & Safety, Incidental Repairs, etc.).

Measure Skipping

Measures contained on the DOE-approved PL may only be skipped if it is not applicable to the specific project (e.g., ducts do not exist outside the thermal boundary so duct sealing may be skipped or there is no attic or the wall is brick with no opportunity to provide attic or wall insulation). If the project requires an incidental repair measure (IRM), work would be completed if the repair does not exceed 2 percent of the total project cost. IRMs over the cost cap will be deferred, and the owner will be responsible for the repair. This applies regardless of the funding source used for any single measure.

Initial Audit Procedures

Project & Building Diagrams

Each project that includes more than one building must have a diagram or a satellite photo (e.g., Google Maps, Bing, etc.) to show all buildings on the property with a unique code for each. Clarify in this documentation which buildings are identical to each other, if any.

Each unique building type in the project must have an overhead building diagram (footprint) included in the data collection. If there are multiple buildings on the property, this process must be followed for each building or each set of identical buildings. Only orientation can be different if buildings are to be deemed identical

Each footprint shall include the relevant and required DOE details collected in Forms A and H.

All projects should have a flood permitting map attached as part of the file. Any property falling within the 1-percent flood plain must follow the KHC flood permitting procedures in the KHC Weatherization Program Manual.

Initial Inspections

1. Every representative building in the project must have a full shell inspection using *Form A (LRMF PL Checklist)*.
 - a. If there are multiple buildings that are identical in general age and construction, then a minimum of 50% of buildings must receive a full-shell inspection.
2. Every dwelling unit included in the project must receive a visual health and safety inspection using *Form H (LRMF Dwelling Unit H&S Checklist)*.
3. A minimum of 50% of each combustion appliance type included within the project must be tested and documented using *Form C (LRMF Combustion Safety Checklist)*. If different units have different sized combustion units and/or combustion units of different ages, all non-typical units must also be tested and documented.

Building Shell Inspection

1. Utilize the appropriate *Form A (LRMF PL Checklist)*, for Region 2.

2. One complete shell inspection is required for each building on the property or 50% of identical building types.
3. *Form A* and all notes and complete photographs must be retained in the client file and must clearly indicate the building to which they relate.

Dwelling Unit Health & Safety Inspection

1. Utilize *Form H (LRMF Dwelling Unit H&S Checklist)* to complete this inspection of 100% of all dwelling units contained in the eligible buildings.
2. Notes and photographs must be retained in the client file and must clearly indicate both the building and apartment number to which they relate.

Combustion Safety Inspections/Testing

1. Utilize *Form C (LRMF Combustion Safety Checklist)* to complete the diagnostic inspections/testing of combustion appliances and their related infrastructure.
2. Combustion safety inspections are required for a representative sample of appliances during the initial audit. A minimum of 50% of each appliance type must be tested and the results recorded using *Form C*.
3. Legible photographs of all diagnostic test results are required, and notes and photographs must be retained in the client file and must clearly indicate both the building and apartment number to which they relate.

Final Inspections

1. After weatherization work has been completed, a QCI must inspect every unit where work was completed with weatherization funding.
2. The QCI shall complete the multifamily inspection form for each building inspected.
3. The QCI shall complete *Form C (LRMF Combustion Safety Checklist)* for every combustion appliance in the inspected buildings, (i.e., 100% of combustion appliances must receive combustion safety testing during the final inspection).
4. Forms, notes, and photographs of the entire inspection must be retained in the property's project file and must clearly indicate both the building and apartment number to which they relate.
5. The failure of any measure during the final inspection will require remediation and re-inspection. The auditor must document the specific failure. Re-inspection is required for corrected measures only. Remediation shall continue until all requirements are satisfied.

Other Responsibilities

Subgrantee Responsibilities

1. Notify KHC when subgrantee has an eligible multifamily property.
 - a. Under 5 units must be reported as multifamily in Hancock but can be treated as single-family with the WA Web audit tool.
 - b. Over 5 units must be reported as multi-family in Hancock, but KHC must grant permission for the subgrantee to pursue the project prior to project start.
2. Building over three stories must be treated as large multifamily and will require a TREAT audit. KHC will advise and assist with the audit, work scopes, and process for these projects.
3. KHC will advise on pursuing work with buildings three stories or less with no central mechanical systems; however, subgrantees will have an option to use audit software (TREAT or WA Web in structures that have less than five units per building) or a DOE-approved low rise priority list.
4. Subgrantees using an audit must perform the energy audits and submit to KHC.
5. Subgrantees using the low-rise priority list must notify KHC when work begins, contact KHC if they have questions, and notify KHC when the first building or floor is finished.
6. Subgrantees will be responsible to perform QCI services in the project and provide tenant/landlord education.
7. Subgrantees must track Davis Bacon wages, if applicable in LCP Tracker.
8. Subgrantees must invoice for work performed in Hancock by either completed buildings or total completed project. Braiding of DOE formula and LIHEAP or DOE BIL and LIHEAP is allowed if the subgrantee has access to those dollars.
9. Subgrantees should monitor their average costs per unit.
10. Subgrantees will be responsible to repair any deficiencies in the weatherization work performed.

KHC Responsibilities

1. KHC will approve the multifamily projects and advise subgrantees what type of multifamily project they are pursuing (low-rise or large).
2. KHC will submit any energy audits to DOE for approval.
3. Once DOE approved the energy audit, KHC will work with the subgrantee to implement the work scope, pursue Davis Bacon and LCP Tracker, determine if BABA is needed, and issuing the Requests for Qualifications (bids) for contractors, if needed.
4. KHC will schedule a monitoring visit once the first building or floor is finished and will perform regular monitorings until the entire project is complete.
5. KHC will provide technical assistance to the subgrantees as the work progresses to ensure that all work and measures installed are done correctly.
6. KHC will audit LCP Tracker for Davis Bacon wages (and BABA, if needed).
7. KHC will monitor the projects to ensure that procurement was followed in accordance with 2CFR200.

Multifamily Pre-Requisites

In an effort to streamline the Multi-Family Weatherization Approval process, Kentucky Housing Corporation (KHC) developed criteria that subgrantees must meet to request approval to proceed with Multifamily Weatherization. Multifamily (five units or more) will be defined as the entire project and not units per building. For example, if a building has four units in it, but there are five buildings to the project, this is considered a 20-unit project.

Criteria

- Possess an in-house Energy Auditor (EA) and/or QCI (may substitute subgrantee experience with multi-family weatherization in lieu of an in-house EA and/or QCI)
- Score Low-Risk to Low/Medium-Risk on KHC Risk Assessments
- Display a history of submitting invoices every 60 days for the past three years
- Not exceed three regular weatherization findings and no health and safety findings on the most recent technical monitoring
- Not exceed one finding on most recent IJA admin/financial monitoring
- Possess an In-house WX Director or dedicated staff

To receive Approval for multifamily projects, subgrantees, who are serving more households than multifamily projects, must submit a detailed plan with a timeline including the following:

- Technical work should be completed in a reasonable time - defined at KHC's discretion, depending on the size of the project.
- Procedures for the QCI to address other projects in the portfolio, including single-family.

In addition to the plan, subgrantees agree to the following tasks.

- Participate in monthly check-in meetings with KHC for the duration of the project.
- Partner with KHC's designated Multifamily Subgrantee for the first 1-3 projects or number otherwise determined by KHC.