

Request for Action
by
Board of Commissioners

**Approval of Engagement of Low-Income Housing Tax Credit Compliance
Consultant (Costello Compliance)**

A. SUMMARY

This Request for Action (“RFA”) is for approval to engage Costello Compliance to provide consulting services, to include updating and expanding RIHousing’s compliance manual (the “Compliance Manual”) to assist owners and managers of Low-Income Housing Tax Credit (“LIHTC”) developments. Costello Compliance helped RIHousing develop an award-winning compliance manual in 2017 and 2018. The new iteration will update the manual to include recent changes including HOTMA and NSPIRE as well as expand the manual to include HOME, newer ancillary programs, and some Performance- Based Contract Administration (PBCA) Section 8 procedures.

B. DISCUSSION

RIHousing acts as the Internal Revenue Service’s appointed monitoring agent for the LIHTC program and administers LIHTC in accordance with Rhode Island’s Qualified Allocation Plan (“QAP”). RIHousing also serves as the state’s Section 8 Performance-Based Contract Administrator on behalf of HUD. In April 2024, to ensure continued compliance with both programs, RIHousing sought proposals for a qualified firm to evaluate current compliance policies and procedures, assist staff in updating and expanding the Compliance Manual, and provide related document development and training services (the “RFP”).

The Compliance Manual is used both as guidance for owners/managing agents and by RIHousing staff as a reference. The Compliance Manual is modeled to meet federal and state regulations as well as the recommendations of the National Council of State Housing Agencies (NCSHA). All materials produced by the consulting team will meet all applicable IRS and HUD regulations. The Compliance Manual incorporates all requirements, methods and procedures related to the LIHTC, HOME and ancillary programs when layered with other federal and state affordable housing programs, including, but not limited to the Housing Choice Voucher Program.

In response to the RFP, one (1) proposal was received from Costello Compliance. RIHousing staff reviewed it carefully and determined the pricing to be reasonable based on knowledge of previous similar consulting arrangements.

Accordingly, staff is recommending the engagement of Costello Compliance, at a cost of \$30,000, to update the existing Compliance Manual. This company was previously approved by the Board to create the current manual which was recognized by NCSHA with a national award. Costello Compliance and its principals bring over three decades of direct experience in affordable housing management, auditing and training. They have worked with well over half

of the state tax credit allocating agencies, many HOME participating jurisdictions, HUD, and Rural Development agencies. A recognized expert in the industry, the Chief Executive Officer of Costello Compliance, Scott Michael Dunn, has been published in numerous trade periodicals and is the author of several textbooks and regulatory manuals on various affordable housing programs.

Upon conclusion of the consulting firm's engagement, staff anticipates completion of a new, comprehensive Compliance Manual for the RIHousing LIHTC program including HOME, several ancillary programs, and PBCA tasks, inclusive of related forms and standard documents, and related training.

C. RECOMMENDATION

Staff recommends the approval of the attached Resolution authorizing the engagement of Costello Compliance at a cost not to exceed \$30,000.

D. ATTACHMENT

1. Resolution

**Resolution of the Board of Commissioners
of
Rhode Island Housing and Mortgage Finance Corporation**

WHEREAS, Rhode Island Housing and Mortgage Finance Corporation’s (“RIHousing”) enabling act provides it with all of the power and authority to make and execute contracts necessary to exercise the powers and functions provided to it under that act (R.I. Gen. Laws §42-55-5(6)); and

WHEREAS, Staff of RIHousing has identified a need for updates to its Compliance manual in order to ensure continued compliance under the Low-Income Housing Tax Credit (“LIHTC”), HOME, and Section 8 Performance-Based Contract Administration programs; and

WHEREAS, RIHousing has solicited proposals pursuant to an open competitive process for vendors to provide Compliance Consulting Services to evaluate RIHousing’s current compliance policies and procedures, assist with document development, produce a comprehensive Compliance Manual, and carry out related training; and

WHEREAS, RIHousing received one (1) response to the RFP from the consulting firm of Costello Compliance; and

WHEREAS, A selection committee comprised of senior staff reviewed the proposal for these services from Costello Compliance and evaluated it in accordance with the criteria outlined in the RFP; and

WHEREAS, based upon the evaluation, staff submitted their recommendation to engage Costello Compliance to the Chief Purchasing Officer for review; and

WHEREAS: based upon staff review and approval by the Chief Purchasing Officer, staff recommends engagement of Costello Compliance.

NOW, THEREFORE IT IS HEREBY:

RESOLVED: that RIHousing be, and hereby is authorized, to enter into a contract with Costello Compliance to provide training, document development and review, and a revised LIHTC Compliance Manual as set forth in the Request for Proposals and the proposal submitted in response thereto;

RESOLVED: that such engagement shall be for a one (1) year term, subject to a reasonable extension, at a cost not to exceed \$30,000;

RESOLVED: that the Executive Director and Deputy Executive Director each acting singly,

be, and hereby are, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions, including without limitation the authority to negotiate terms and fees of the engagement as he or she may determine are in the best interests of RIHousing, and to execute any and all agreements or documents as he or she deems necessary to carry out the foregoing and to take such further actions as he or she deems necessary to carry out the foregoing resolutions.