

Building Permit Review Audit

Report



Getting a building permit in Portland can be a frustratingly slow process. Delays can affect the economy and motivate property owners to skirt the permitting system altogether. Our audit recommends ways to address persistent problems as the City strives for economic recovery from COVID-19.

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In this article

- [City does not meet its timeliness goals](#)
- [City doesn't measure or report on activities it should](#)
- [City does not follow policy for customer complaints](#)
- [Challenges affect equitable treatment of customers](#)
- [Stronger governance needed to solve systemic problems](#)
- [Recommendations](#)
- [Development Services and Commissioner generally agreed with recommendations](#)
- [Learn more about building permit plan reviews](#)
- [How we did our work](#)

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Summary

City reviews of building permit applications ensure plans meet requirements before development can legally occur. These [plan reviews](#) enforce regulations for affordable housing, building safety, community health, environmental protection, land use, and more.

An essential function of Portland's building permits system does not work as it should. City plan reviews of permit applications are [too slow](#), and the City does not follow its own customer [complaint policy](#) to resolve these delays. The result is Portland falls short of its goals and commitments to customers.

In addition, Portland continues to operate without [comprehensive goals](#) for critical aspects of plan review services. This is despite the expectations from the early 2000s to establish goals and the management systems needed to achieve them.

Portland's [fragmented form of government](#) exacerbates the situation. Seven bureaus and City Council are responsible for plan reviews, but no one entity manages systemwide performance. The bureaus have important improvement projects underway that were progressing slowly even before the pandemic. Meanwhile, the more difficult work to address persistent concerns about Portland's complex regulatory environment has stalled altogether.

Solving these problems requires sustained, focused City Council leadership.

The situation also presents opportunity. An effective permitting system would help restore Portland's standing as a desirable place to make investments for much-needed housing and make living in Portland more attractive to job seekers.

Portland has made some important, necessary improvements to its building permits system. The most notable were the City's revamp of its permitting software and transition to electronic plan reviews. But much work remains to ensure the plan reviews central to building permit approval fulfill the City's promises to the public.

Because no one entity has authority to solve problems with the City's plan review services, we direct our [recommendations](#) to the two most able to take charge. We recommend the Bureau of Development Services coordinate with the other permitting bureaus to establish effective systems for performance management and customer complaints. We also recommend the Commissioner-in-charge of Development Services champion Council's work to complete the improvement projects already underway, advance stalled projects to evaluate the City's complex regulatory environment, and hold individual bureaus accountable for these necessary changes.

AUDIT RESULTS

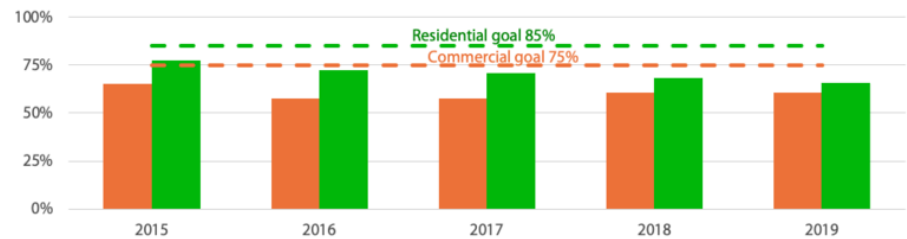
City does not meet its timeliness goals

Initial reviews of permit applications are not timely

The City assesses its performance for reviewing building permit applications with a single benchmark: time to finish the initial plan review. It is also the only measure the City uses to evaluate collective performance across the seven bureaus with plan review responsibilities.

Portland’s permitting standards and bureau agreements require this measure, as does state law and industry standards. But the City does not perform well against the benchmark – it has not met the timely plan review standard in the last five years for either commercial or residential building permits.

Initial reviews for both commercial and residential permits have not met timeliness goals

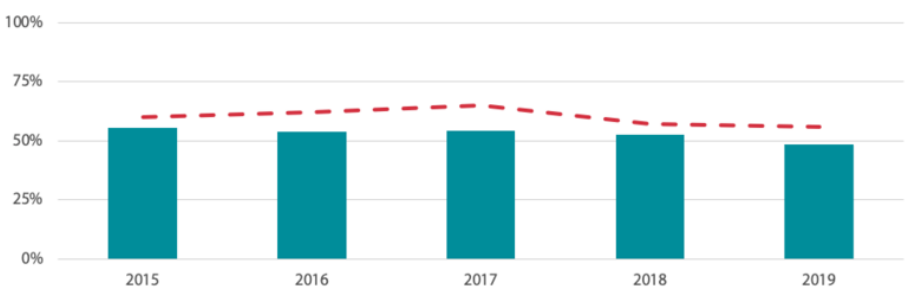


Bureau of Development Services Director's Reports for plan review turnaround by fiscal year. This measure includes same-day permit activity. It excludes any deferred submittal or revision activity as well as building permits that went through a specialty program.

A subset of this building permit activity is simpler plans that City reviewers can approve on the same day as they are submitted. Historically, plan reviewers could process 60 percent of building permits at the City permit center while the customer waited. These permits put the City in a better position to meet its goal for timely initial reviews.

Five-year trends, however, show a decline in these simpler plans. In 2019, the City approved less than half of building permits on the same day. City staff attribute the decline to increasingly complex projects and City regulations. And bureaus individually set the thresholds for what they allow for same-day permitting. The result is fewer building permit applications are simple enough for same-day reviews.

City did not meet goal for percentage of same-day permits, trends show slight decline

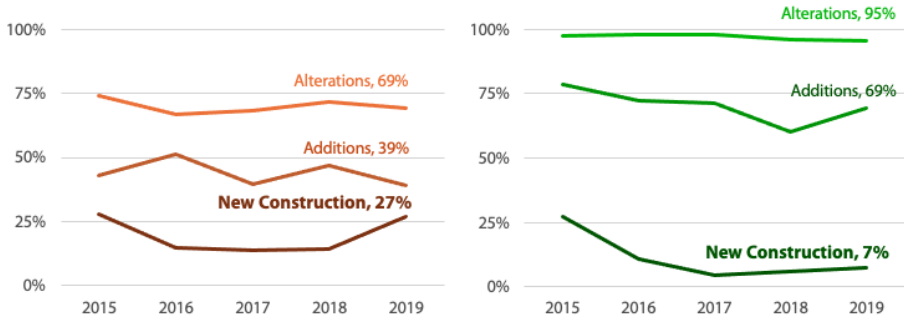


Bureau of Development Services Director's Reports for same-day permits by fiscal year and City adopted budgets with related performance targets.

The permitting data revealed another trend – the City’s performance was progressively worse as building permit plans became more complex, even though the timeliness goals already account for differences in work scope.

The City's permitting standards set a timeliness goal for the number of business days to complete an initial review. The number of days varies to account for the complexity by the type of building permit, such as seven days for alterations to an existing residential building and 20 days for new commercial construction. Yet, the City struggled the most with timely reviews for new construction. This is especially noteworthy in light of the City's policy goal to increase housing supply.

Initial reviews for new construction – whether commercial or residential – least likely to meet timeliness goals

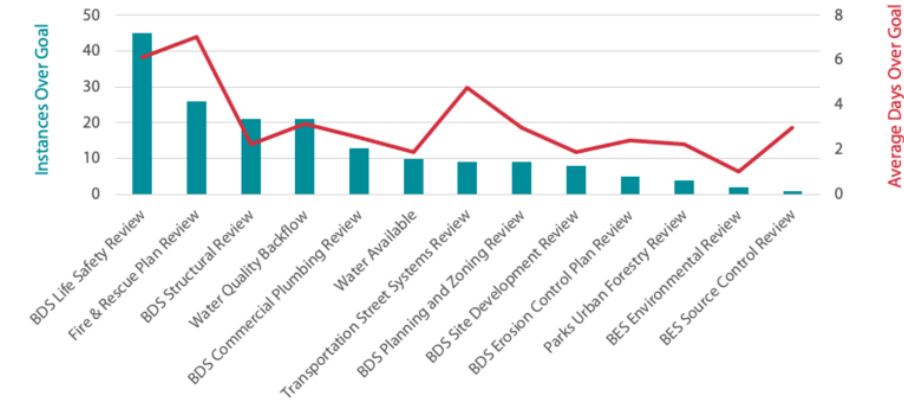


Bureau of Development Services Director's Reports for plan review turnaround by fiscal year. This measure includes same-day permit activity. It excludes any deferred submittal or revision activity as well as building permits that went through a specialty program.

Timely reviews depend on bureau coordination

Most bureaus did not meet timeliness goals despite the City's service standard. As an example, a snapshot report from December 2019 shows Development Services' life-safety reviews were late most often. But Fire and Rescue's plan reviews were the most overdue. Performance may fluctuate for many reasons, including a surge in applications or staff turnover. These may be temporary service disruptions or longer-term struggles for a work group. The consequences if bureaus don't unify around their commitment to meet this City timeliness are far-reaching: a single bureau being late with one of 17 possible types of plan reviews jeopardizes success for the entire City.

Review types that did not meet goals for December 2019



Bureau of Development Services SWAT Report for December 2019. Excludes any types of plan reviews that met goals. Note: BDS is short for Development Services, and BES is short for Environmental Services.

City doesn't measure or report on activities it should

No timeliness reports for recheck goals

Unlike for initial plan reviews, the City does not report on the timeliness of reviews for plan corrections even though it has defined benchmarks in permitting standards and bureau agreements. Reviewers approve some building permit plans based on the initial application, but most require multiple rounds of applicant corrections and subsequent City checks. Bureaus are supposed to complete recheck reviews within three or five working days depending on the permit type. Because rechecks may be triggered by any of the 17 possible types of plan reviews, the City's success again depends on all bureaus. This gap in reporting is significant because most of the standard building permits we analyzed required at least one recheck review.

More than 80% of standard building permit plans required corrections

Strategies to meet timeliness should be revisited

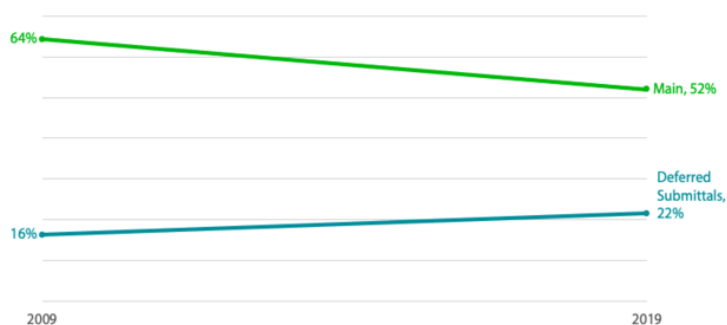
We reviewed two of the strategies Portland uses to help assure timely plan reviews: deferred submittals and specialty programs. The City describes these different strategies in its permitting standards but has yet to evaluate their effectiveness because of reporting gaps.

Deferred submittals are permits for parts of the building design approved separately from the main permit. Applicants may request deferred submittals for large or complex projects where postponing the design of some building elements allows them to improve construction efficiency.

But, the use of deferred submittals has workload effects for some work groups. Development Services' life-safety and structural reviews are particularly affected because of the type of work reflected in deferred submittals. These reviewers are then required to repeatedly reengage on these larger or complex projects, potentially weeks or months after completing their review of the main building permit.

Our analysis showed the City is reviewing more deferred submittals compared to a decade ago. Yet, the City does not include deferred submittals in timeliness reports. It has yet to evaluate this strategy generally, or specifically for the most-affected review groups.

Trends for commercial permits show increase in deferred submittals compared to main permits



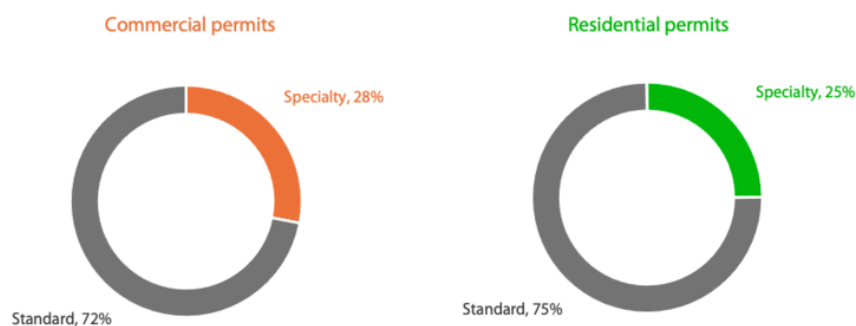
Audit Services analysis of building permits finalized in calendar year 2009 and 2019.

The second strategy is the use of specialty programs. The City provides specialized customer service through different programs managed by Development Services. For example, Process Management is a program where the City assigns a single contact for customers with large or high-profile commercial projects. Other specialty programs provide expedited plan reviews for certain types of alterations or additions in residential buildings, or interior tenant improvements in commercial buildings.

While specialty programs have their own staff, their evaluations of building permit plans may affect the workload of other City reviewers. Specialty programs may trigger none or all of the other 17 possible types of plan reviews. The City may also expedite the plan reviews for some high-priority Process Management projects over standard building permits that are otherwise reviewed on a first-come, first-served basis.

Yet, the City does not include specialty programs in timeliness reports. It also does not evaluate the impact of the specialty programs' workload and prioritization on standard building permits. This reporting gap is consequential because specialty programs process about a quarter of the City's building permits.

About a quarter of **commercial** and **residential** permits go through specialty programs



Audit Services analysis of permitting data for building permits finalized between 7/1/2018-12/31/2019.

No evaluation of other critical areas

The City's single focus on timeliness deficiencies overshadows another important issue – the City does not take a holistic look at other aspects of its building permit plan review services.

The City has yet to set comprehensive goals and establish a system capable of achieving them. Our 2003 audit recommended the City develop goals that provide a better picture of performance and improve accountability to customers. The City reinforced this expectation in bureau agreements with requirements to define performance goals and measures.

However, timeliness remains the only measure the City uses to evaluate plan review services. As a result, other critical elements of performance – consistency, efficiency, predictability, or quality of reviews – are not being assessed.

The City can look to industry standards that define the overall service for permitting agencies into three separate and interrelated areas. While the City does not meet its timeliness goals, at least it has defined the service standard for this area. In contrast, the City has yet to quantify goals and measure progress for the other two service areas: customer service and quality.



International Accreditation Service and International Code Council

We found promising strategies that industry standards recommend and other jurisdictions already use to address these critical areas. Common approaches include:

- evaluating plan review accuracy,
- quantifying customer service goals,
- publishing estimates for review timeframes, and
- measuring to reduce the average number of attempts – when submitting an application or through corrections – an applicant makes to obtain a permit.

City does not follow policy for customer complaints

The City does not follow its own policy allowing customers to object to a plan review delay. The policy, adopted in 2004, establishes clear timeframes for resolving delays, identifies who handles complaints, and defines different escalation pathways for those complaints that involve one or multiple bureaus. Instead of using the established policy, the City uses informal practices where it is up to the customer to navigate their complaint through the City bureaucracy.

51% of survey respondents were dissatisfied when applying for a building permit

Development Services has related complaint-reporting responsibilities that also are not being fulfilled. City policy requires the Development Services director to report annually on complaint resolution decisions, and to consult with other bureau directors to determine whether to recommend changes to Council. The Development Review Advisory Committee is also responsible for reviewing these reports to recommend system or regulatory changes to Council. In addition, the Development Services' operating plan requires quarterly reporting of customer complaints and resolutions. But Development Services does not produce these mandated reports.

As a result, the City does not provide the same level of accountability to the customer, the Development Review Advisory Committee, or Council as promised in its own policy.

Challenges affect equitable treatment of customers

The City's challenges with plan reviews affect customers. Development Services, to its credit, recognizes there is room to achieve better outcomes for the customers and community members who rely on these services. Development Services surveyed customers in 2018 and found half of respondents were dissatisfied. Respondents said Portland was worse than other jurisdictions because of delays, bureaucratic processes, inconsistent information, and poor customer service. Customers may also feel stuck because the City's regulations can conflict.

But not all customers are alike. Those with resources and connections can navigate the City's problematic system better than novices.

Our review of correspondence from applicants or their advocates to Council offices showed their projects received extra attention if not action. Most of the contacts routed to the Development Services Director in 2019 appeared to have no bearing on the outcome of the City's plan reviews. However, there were two examples where the City decided to assign projects to the Process Management specialty program, either to provide the customer a single contact or expedited service. The interventions, routed through elected officials, occupy a gray area between customer service and favoritism.

In addition, the City is more susceptible to these activities because it does not follow the policy described earlier that would otherwise give all customers an established process to resolve a complaint.

Past Portland studies also describe plan review delays as negatively affecting the development cycle. Delays may also damage Portland's reputation and reflect poorly on its ability to provide an essential government service. Developers may opt to build elsewhere, resulting in an economic loss for Portland. Delays also may lead residents to proceed with unpermitted construction, endangering the health and safety of occupants.

Stronger governance needed to solve systemic problems

Key improvements underway to address coordination and process challenges

The City has tried multiple times to pinpoint problems and find solutions for its slow permitting process. Recent studies to address plan review delays resulted in numerous recommendations for improvement. The City Budget Office's studies from 2017 and 2018 focused on increasing housing supply. Development Services performed additional studies during that same period.

Some of these recommendations have been implemented. For example, the City applied more efficient "review windows" for City-sponsored housing

projects. Other recommendations have been postponed because of more pressing workload demands. For example, the City has yet to implement recommendations intended to address what it views as the poor quality of building permit applications. The City put this work on hold while it upgraded its permitting software.

Three improvement initiatives were intended to address the more substantive recommendations that remain:

1. **Governance Structure Initiative** to improve coordination, transparency, and strategic decision-making between bureaus with a projected completion date of April 30, 2021, and result in a strategic plan report to be approved by Council;
2. **Business Process Initiative** to streamline the building permit process for commercial new construction projects by July 31, 2021, to result in efficiencies for less complex permit types; and
3. **Comprehensive update of bureau agreements** by August 1, 2021, to refine expectations for areas of deeper collaboration, such as regulatory obligations, performance goals, and roles and responsibilities over plan reviews.

These initiatives are promising but were progressing slowly even before the pandemic. It is unclear whether these latest scheduled deadlines can be met given that key staff members were also responsible for the transition to remote operations during the pandemic.

Fixing the cumulative effect of regulations requires Council buy-in

In contrast to the coordination and process-related recommendations, the City has no work underway to address the regulatory recommendations that Development Services identified in 2018. The recommendations were:

1. When considering **new regulations**, hold Council work sessions with stakeholders to explore impacts and apply regulatory restraint to simplify changes.
2. Create a better **impact assessment** process to vet proposed regulations.
3. Fund City staff to **monitor and reassess** new regulations. Reviews could include whether Council's intended regulatory results have been achieved, and assess the cost-benefit to customers and City staff.
4. Amend the **zoning code** to achieve faster City reviews. For example, by creating standards for projects to meet through the building permit process instead of going through a separate land use review.

Council's inaction on these regulatory recommendations is consequential because there are existing City policies that mandate some of this work. For example, policies from the early 2000s require the City to simplify and improve City regulations annually.

"Despite ongoing cross-bureau collaboration, significant regulatory cross-code interactions and dependencies cause confusion and delays; the City could benefit from identifying a regulatory hierarchy in certain development situations."

City Budget Office's Strategies for Accelerating Housing Development in Portland report from 2017

Fully implementing these policies and recommendations requires the involvement of additional City bureaus. First, Planning and Sustainability has responsibilities over the City's zoning code, and shares responsibility with Development Services for annual regulatory improvement reviews. But those reviews have not been completed since 2017 because Council did not fund them. Moreover, Planning and Sustainability is generally not directed to assess the effects of proposed regulations or monitor them once adopted.

Second, the Office of Management and Finance is responsible for developing the process used for impact statements required when Council adopts new or changes existing regulations. The Office of Management and Finance evaluated the impact statements process in 2019, but the City has taken no further action. It is questionable whether these impact statements fulfill the City policy requirement for an internal and external cost-benefit analysis of regulatory decisions.

The current comprehensive plan requires the City to assess the cumulative regulatory costs to promote Portland's competitiveness with other cities. Prior City studies describe how plan reviews take more time because of the cumulative effect of regulations. The City Budget Office's study also said the City should prioritize competing regulatory requirements to give permit applicants better information and help reviewers improve timeliness. City permitting staff said the growing complexity of the regulatory environment continues to be one of the main reasons for plan review delays.

More important, fully implementing these policies requires the buy-in of Council.

City permitting staff said it is difficult for Council to simplify regulations because increasingly varied policy aims are written into them with support from niche constituent groups. The officials said there is no sustained effort to make difficult or unpopular decisions to relax or repeal regulations. On the whole, however, increasing regulatory complexity slows down the permitting system.

Sustained, focused Council oversight needed for success

The commission form of government and fragmented permitting authority across seven bureaus has resulted in no one entity empowered to resolve these long-standing Citywide problems. This is exacerbated by leadership turnover – both with bureau directors and Commissioner assignments – that results in changed priorities, focus areas, and funding decisions. As a result, each bureau director and their Commissioner-in-charge remains focused on their own bureau and not on the City permitting process as a whole.

"There is a clear need for coordination and leadership accountability for the entire plan review process. This includes ongoing assessment of performance on City goals for development services and one-off responsibilities for resolution of customer issues caused by conflicting code requirements."

City Budget Office's Strategies for Accelerating Housing Development in Portland report from 2017

Past City audits and studies have also called out these problems. Our audit from 1997 and a stakeholder report to reform City development reviews in 2000 both recommended the City consolidate existing plan review staff into a single bureau. But the then-Council decided not to make these changes. Development Services remains the public face responsible for Portland's permitting system, yet does not have authority to direct beneficial system changes.

Ultimately, sustained and focused Council leadership is needed to address these challenges and hold bureaus accountable. All five members of Council had at least one permitting bureau in their portfolio during our audit period. Similarly, with current bureau assignments, all five members of Council will have a hand in the implementation of our audit recommendations.

Recommendations

Because no one entity has authority to solve problems with the City's plan review services, we direct our recommendations to the two entities most able to coordinate the effective oversight needed at the bureau- and Council-levels of governance.

The Bureau of Development Services should work with other City permitting bureaus to:

1. Develop and adopt a Citywide performance management system capable of achieving consistent fulfillment of the City's comprehensive performance goals.
2. Follow City policy for resolving and reporting customer complaints about plan review delays or propose an alternative that provides the same level of accountability to the customer, Development Review Advisory Committee, and Council.

The Commissioner-in-Charge of the Bureau of Development Services should champion the need for change and ensure City Council:

3. Dedicates resources and holds permitting bureaus collectively accountable to the full and timely implementation of City improvement initiatives related to governance, business process improvement, and bureau agreements.
4. Follow City policies and implement the 2018 recommendations – or adopt alternatives – to address Citywide regulatory improvements that also involve other bureaus, such as the Bureau of Planning and Sustainability and the Office of Management and Finance.

5. Hold the directors of their individually assigned bureaus accountable to the implementation of this set of audit recommendations intended to improve Citywide performance.

[Development Services and Commissioner generally agreed with recommendations](#)

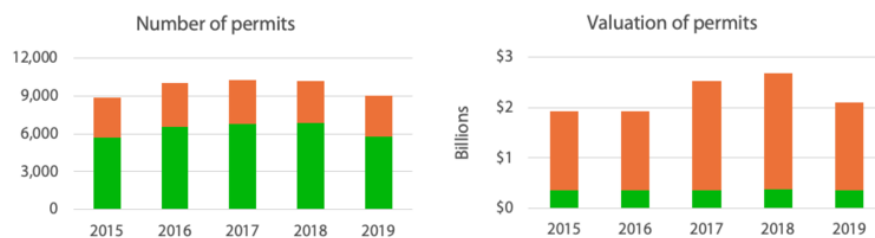
Learn more about building permit plan reviews

Plan reviews support economic development and local policy goals

An effective, efficient building permit system is one of the factors that makes a city a desirable place when competing with other cities for investment and new businesses. The City's comprehensive plan says it's important for Portland's system of reviewing building permit plans be nimble, predictable, and fair so it promotes job growth and development. This is particularly important for economic recovery during and after the COVID-19 pandemic.

In fiscal year 2019, the City issued more than 9,000 building permits for construction work valued at \$2 billion. Most building permits are for work done on residential buildings. But permitting fee revenue for the City is driven by reviewing plans for more complex commercial building projects.

Trends for the number and valuation of commercial and residential permits



Bureau of Development Services Director's Reports by fiscal year. This measure includes standard and specialty program activity for the main building permit as well as any revisions. It excludes any partial permit activity such as deferred submittals.

Plan reviews also help Portland achieve other important policy goals. That's because building permit plans must meet these requirements before development can legally occur. The City's plan reviews also enforce a multitude of federal, state, and local laws, policies, and regulations. Taken together, these regulations address areas like affordable housing, building safety, community health, environmental protection, land use, and more.

Significant City policies or regulations enforced through plan reviews

Policy area	Portland City Code	Responsible bureau(s)
Affordable housing	Chapter 30	Housing
Art murals	Chapter 4	Development Services
Building regulations	Chapter 24	Development Services
Electrical regulations	Chapter 26	Development Services
Erosion and sediment control	Chapter 10	Development Services
Fire regulations	Chapter 31	Development Services, Fire and Rescue
Floating structures	Chapter 28	Development Services
Heating and ventilating regulations	Chapter 27	Development Services
Plumbing regulations	Chapter 25	Development Services
Public improvements	Chapter 17	Development Services, Transportation
Signs and related regulations	Chapter 32	Development Services
Trees	Chapter 11	Development Services, Parks
Water	Chapter 21	Water
Zoning	Chapter 33	Development Services, Housing

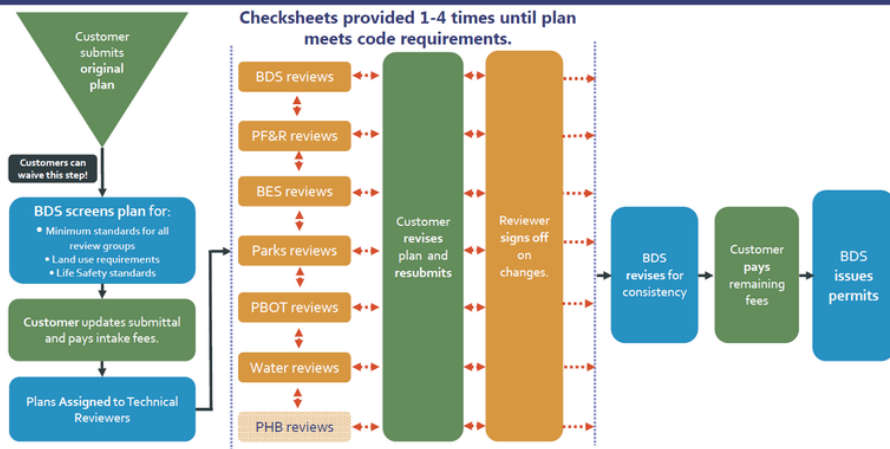
Compilation by Audit Services based on City records

Plan reviews are central to Portland's complex permitting system

Plan reviews are the services central to building permit approval. The process begins when the City receives a building permit application from a customer. Proposed work may be simple – like slightly changing the size of replacement windows in a residential home – and approved on the same day it is screened by plan reviewers. Other work is more complex – like construction of a new affordable housing complex – and may trigger all 17 different plan reviews. Approval in those cases may take many months if corrections are needed.

Reviewers approve some building permit plans based on the initial application, but most require multiple rounds of rechecks. If the proposed work does not meet City requirements, plan reviewers identify necessary corrections. Applicants then submit corrections, and plan reviewers recheck corrected plans. Most times, applicants meet regulations only after repeated cycles of applicant corrections and City rechecks. Approved plans result in a building permit used by inspectors during construction.

Development process (permitting): How does the process work?



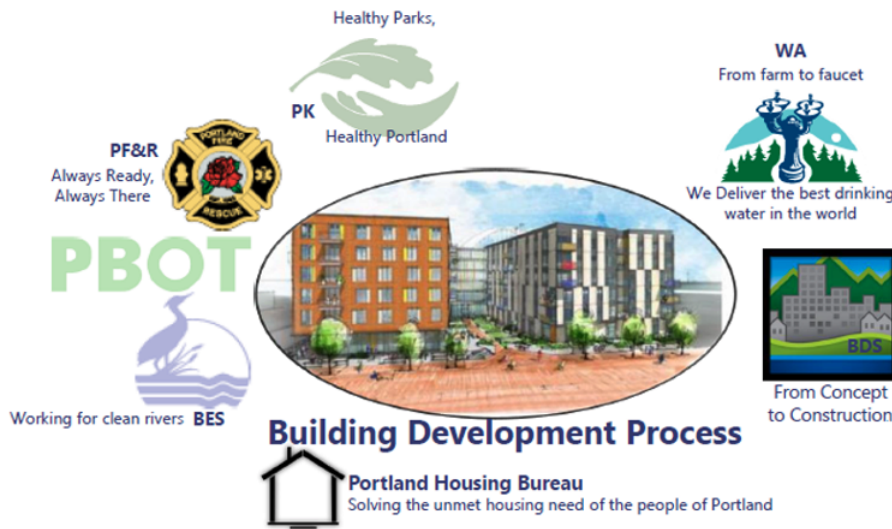
City Budget Office presentation from 2017

Building permits are only one type of review or permit that an applicant may need. They often also require associated trade permits – electrical, mechanical, plumbing – that cover the installation, replacement, or repair of those systems. The location or type of work proposed may also trigger the need for additional reviews or permits. For example, reviewers may need to assess requirements for land use or improvements in the public right-of-way. These are significant, separate reviews that happen before or during the building permit plan review that may influence the approval of the building permit. Applicants may also need specialty permits, such as those that address fire sprinklers, site development, and street trees. And other local agencies, such as power and gas utilities, issue permits too. Approval of the City's building permit plan may be contingent on these other reviews or permits.

Seven bureaus and their commissioners share responsibilities

Portland's commission form of government spreads its plan review responsibilities across seven bureaus: Development Services, Environmental Services, Fire and Rescue, Housing, Parks, Transportation, and Water. These bureaus are overseen by different commissioners. Collectively, these bureaus and Council are responsible for the performance of these plan review services to Portland customers.

With the exception of Housing –the newest bureau with plan review responsibilities – expectations about City performance are described in written agreements between the bureaus and Development Services. Bureaus signed those agreements in 2003. The agreements called for bureaus to describe goals, staffing, conflict resolution strategies, and how to carry out new policies.



Adapted from City Budget Office "Strategies for Accelerating Housing Development in Portland" report from 2017

Bureau of Development Services in coordinator role

Development Services' role is unique compared to other bureaus. It manages the City's downtown permit center and, as a result, is the public face for Portland's permitting system. Development Services is also responsible for most of the City's plan review services and personnel. *Note: The City's permit center is closed to the public due to the COVID-19 pandemic.*

Development Services has Citywide responsibilities for coordinating, monitoring, and reporting on plan review activity. It also recommends changes to Council when necessary and after consultation with other bureaus. But it is not responsible for the entire system. Notably, Development Services' authority is limited to on-property development and other bureaus manage development in the public right-of-way.

How we did our work

We conducted this audit to assess the consistency, efficiency, predictability, quality, and timeliness of the City's building permit plan review services. Our audit focused on the period prior to the City's transition to its new permitting software and the start of operations in response to the COVID-19 pandemic.

To accomplish this audit objective, we:

- Reviewed relevant State laws, Portland City Code, binding City policies, bureau agreements, as well as available administrative rules, program guides, manuals, and standard operating procedures that apply to specific bureaus, plan review work groups, or building permit types.
- Reviewed relevant City audits and studies examining plan review services; information about improvement initiatives underway; and the status of recommendations from the City Budget Office's 2017-2018 Government Accountability Transparency and Results (GATR) project,

Development Services memo to the Mayor's Office in 2018 about ways to speed up the permitting process, and Development Services staff ideas from 2017 to reduce customer wait times at the Development Services Center.

- Interviewed City plan review staff across the seven bureaus as well as other subject matter experts, observed internal City meetings, conducted a site visit at the Development Services Center in October 2019, and reviewed building permit files and related records in the permitting software as well as additional email records provided by City staff.
- Interviewed building permit customers, observed meetings between the City and customers, and reviewed the results of the Development Services customer survey from 2017.
- Analyzed available performance reports and various data extracts from the City's permitting software. The primary purpose of the latter was to identify a population of building permits finalized between July 1, 2018 and December 31, 2019, as well as related land use reviews, public works permits, and various types of appeals. We also requested suggestions for building permit examples from City staff and building permit customers to gain a better understanding of plan review challenges.
- Reviewed email communications to the Development Services director from Council offices between July 1, 2019 and December 31, 2019.
- Compiled and analyzed available industry standards and best practices. We also interviewed representatives and reviewed relevant materials about plan reviews at three other jurisdictions with a similar size to Portland: Denver, Minneapolis, and Seattle. We suspended attempts to contact additional jurisdictions after experiencing difficulty obtaining responses during the COVID-19 pandemic.

We relied on management's representations about information provided and, whenever possible, sought corroboration from other sources and evaluated against our knowledge of operations. We requested supporting documentation and, if available, reviewed this information for reasonableness. We shared observations about the completeness of the information in the City's permitting software system with City management. Therefore, our reviews are not intended to provide assurance that information provided by management is free from error.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



Office of Commissioner Dan Ryan
City of Portland

Date: March 18, 2021

To: Mary Hull Caballero, City Auditor

From: Dan Ryan, Commissioner *Dan Ryan*
Rebecca Esau, Director, Bureau of Development Services *R Esau*

Re: Response to Audit, "Building Permit Reviews: Long-standing inability to meet customers' needs won't improve without better management, sustained governance"

Thank you for the opportunity to review the findings of this audit and offer our response to its recommendations. We are committed to working with City Council and partner bureaus in addressing the longstanding, complex challenges that have impacted the City's delivery of permitting services.

The Bureau of Development Services (BDS) has long been aware of the issues raised in the audit and has been working to address them. The audit covers the period through 2019, but not 2020, so this response provides some context on the work that started prior to 2019 and continues to the present.

Prior to March 2020 when the response to the pandemic required City offices to close, BDS had completed several multi-year projects building the foundation for improvements with several major technology initiatives:

- A major upgrade to the City's permitting software (AMANDA) which was launched in February 2020, with more work planned to program the system to produce performance reports;
- Development of the first phase of an online portal which allowed permit payment and permit application submittal for limited types of permits (Development Hub PDX), with more work planned to expand the system's functionality to include more permit types;
- Development of the first phase of mobile technology for inspectors, with more work planned on refining the Inspector Application to make it even more efficient; and
- First phases of digital plan review, with plans to transition from paper to digital plan review in phases.

With this foundation of technology improvements built, the Bureau was better positioned to triage the situation in March 2020 than if this early work had not been done. The pandemic and subsequent transition to remote work meant BDS had to abandon the phased roll out of increased functionality of these systems and instead launch everything fully at once. This necessitated the creation of some interim systems while permanent systems were simultaneously being built. That work continues today in the form of programming and testing to:



Office of Commissioner Dan Ryan
City of Portland

- Create the ability to run regular performance reports and dashboards using data from AMANDA;
- Expand functionality of the online permit portal for more automated steps and efficiencies; and
- Adapt the digital plan review software to allow staff and customers to work more efficiently.

The Bureau is using this transformation to build new systems for serving the community using a framework of justice, equity, and inclusion. The goal is barrier-free access to permitting services, meeting our customers where they are, and creating equitable outcomes. For example, by creating multiple paths to access service – including paper-based and digital – BDS is reducing barriers for customers without access to computers, childcare, time off, transportation, and more.

It is important to highlight additional actions already underway, including:

- The Customer Consultation System to allow customers to ask City subject matter experts questions about property or projects via teleconferencing appointments (*launching April 2021*);
- The Governance Structure Initiative which will provide a system for resolving conflict and setting priorities between the bureaus involved in permitting (*July 2021 completion date*);
- The Memorandum of Understanding (MOU) Update Project to update BDS' written agreements with its partner bureaus related to operations and service delivery commitments (*August 2021 completion date*);
- A Business Process Initiative to streamline and improve the commercial building permit process (*September 2021 completion date*);
- A Performance Management Plan for each work group in BDS;
- A Metrics and Reporting Improvement project; and
- The [Bureau Workplan](#) launched from the Director's goals memo at the end of 2020.

While all these actions and initiatives will cumulatively help address the issues impacting the delivery of permitting services, they can only go so far. The Bureau of Development Services is the face of permitting in Portland due to its role in coordinating permitting, but it is just one of seven bureaus that administer development regulations and review permit applications for compliance with those regulations. Progress has been made in coordination and collaboration between the bureaus involved, but work remains.

In general, we agree with your five recommendations and want to add specific considerations for the first and second recommendations:

- **Recommendation 1: Develop and adopt a Citywide performance management system capable of achieving consistent fulfillment of the City's comprehensive performance goals.**
BDS agrees a citywide performance management system is needed but has no recourse if other development review bureaus don't agree to participate or can't agree on performance goals/measures. This project will be undertaken as a future update to the MOUs between development review bureaus.



Office of Commissioner Dan Ryan
City of Portland

- **Recommendation 2: Follow City policy for resolving and reporting customer complaints about plan review delays or propose an alternative that provides the same level of accountability to the customer, Development Review Advisory Committee, and Council.**

An alternative process for resolving and reporting customer complaints is being created through the Governance Structure Initiative project referenced above. In the interim, customers are encouraged to resolve conflict at the lowest level possible and can use the path of escalation outlined on the website: [Report a Problem with an Inspection, Permit or Plan Review | Portland.gov](#)

Finally, Commissioner Ryan is assembling a new Permitting Task Force to significantly streamline the permitting process and build shared responsibility and accountability across each of the seven development review bureaus. The timing and success of this work is critical as Portland's ability to deliver timely, well-coordinated permitting services will either support or hinder Portland's economic recovery in the coming months.

We thank you and your staff for engaging with us and BDS employees in the preparation of this audit. We look forward to working with you in the implementation of its recommendations.