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Audit Update: City advanced building permit reforms; Council and multi-bureau engagement noteworthy

News Article



This is a one-year follow-up to our 2021 report, "Long-standing inability to meet customers' needs won't improve without better management, sustained governance."

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In our 2021 report, we called for Council-level leadership because no one bureau was authorized to solve long-standing problems with Portland's building permits system.

Commissioner Ryan took up that mantle with Commissioner Mapps as co-chairs of a Permit Improvement Task Force established in April 2021, hired a manager dedicated to support the work, and engaged Council colleagues during a January 2022 work session. The Task Force – which includes representation from Council offices, permitting bureaus, and the

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development community – adopted three overarching goals: 1) reduce permitting timelines; 2) improve the customer experience; and 3) improve performance management.

The City made substantive progress across the five audit recommendations. Less progress was made on the speed of building permit reviews and the City still does not follow its own customer complaint policy to resolve delays. As we noted last year, sustained, focused leadership remains necessary for these long-term reforms to result in a noticeable change for Portland’s customers.

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Five recommendations in process



- **New target to reduce permit times by one-third, yet City timeliness goals remain unmet**

We recommended the adoption of a performance management system capable of achieving consistent fulfillment of the City’s comprehensive performance goals. At the time of our audit, the City assessed its performance for reviewing building permit applications with a single benchmark: time to finish the initial plan review.

The Task Force has since adopted overarching goals to improve performance management and reduce permit time by one-third. The latter is a key shift to scrutinize the permitting process holistically – from submitted application to issued permit – that reflects a partnership between the City and customer. As part of measuring the duration of the overall permit process, the City also addressed a critical reporting gap that we identified in our audit: the City began examining recheck data – reviews after an applicant makes corrections – and now reports on the timeliness of the second round of plan reviews.

Because of the Task Force, the City began reporting average times from submitted application to issued permit in its new performance dashboard, which was launched in April 2022. The public dashboard – a subset of more extensive internal reports – showed the City was unable to meet its timeliness goals over the last year. The knowledge that in recent months the City has been taking roughly twice as long as stated goals may help customers set more realistic expectations about permit duration.

As we reported last year, timeliness remains the only measure the City

uses to evaluate building permit reviews. The Task Force is researching other important areas of performance that we highlighted in the audit – customer service and quality – with the intention of adopting measurable goals in the future. The City has dedicated new staff resources to help sustain this work within Citywide performance management.

- **City complaint policy and reporting remains unaddressed, focus on shared customer service culture**

We recommended the City follow its 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, the Development Review Advisory Committee, and Council.

The City intends to replace the existing policy with an alternative and develop reporting functionality. A new position adopted by Council in the Fiscal Year 2022-23 budget will be assigned to work on customer complaint accountability.

In the interim, the City has chosen to strengthen existing informal practices we reported on last year that do not fulfill the accountability elements in the audit recommendation. For example, the practices do not have clear timeframes for resolving delays, and Development Services still is not fulfilling its complaint-reporting responsibilities.

The Task Force has been laying the groundwork to reduce customers' complaints by improving their experience with the process. Commissioners Ryan and Mapps convened in December 2021 the first Town Hall for the staff across the City's permitting bureaus. Alongside permitting directors, they announced the adoption of a consistent Citywide review and customer communication policy. The City also developed a foundational customer experience training course for permitting staff. While the new policy does not address complaints, these activities established baseline expectations for a customer service culture at the City.

- **City made progress with three prior improvement projects; work remains for each**

We recommended Council dedicate resources and hold permitting bureaus collectively accountable to the full and timely implementation of City improvement initiatives related to governance, business process improvement, and bureau agreements.

At the time of our audit, there were three improvement initiatives underway to address substantive coordination and process recommendations from studies in 2017 and 2018. The City has since completed work with its consultants on these projects. However, the projects require additional phases of critical work to effect a change in the customer experience.

1. A new City governance committee is piloting ways to improve decision-making among bureaus. The City's permitting directors adopted the recommendations from the *Governance Structure Initiative* in July 2021. Those recommendations included creation of a new committee as well as the new structure for reviewing, approving, and prioritizing proposed changes to development reviews and for resolving conflicts. The City plans to share results with Council after the pilot is complete.

2. Development Services will work other City bureaus to address the next steps for the *Business Process Initiative*. The report from December 2021 identified suggestions to streamline the building permit process for new commercial construction projects, including action plans to address four problem areas.

3. Development Services is working on a *comprehensive update of bureau agreements* to refine expectations for areas of deeper collaboration. It signed updated agreements with Environmental Services, Fire and Rescue, and Housing. It is still working with Parks, Planning and Sustainability, Transportation, and Water.

We highlighted in our audit the slow progress for each initiative, even before the pandemic, and these latest milestones missed anticipated published deadlines. Staff also do not have clear timeframes for completing the next phases of work.

Staffing capacity remains a challenge when the same key employees and workgroups across City permitting bureaus are responsible for and involved in these concurrent initiatives in addition to their regular and other assigned duties. In light of that reality, employees said they were trying to align, coordinate, and streamline across initiatives where possible.

- **Council passed resolution to address the first of three regulatory reform areas identified by Task Force**

We recommended Council follow policies and implement the recommendations from the 2018 study – 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.

The Task Force discussed regulatory challenges with Council at the January 2022 work session after reviewing and vetting improvement alternatives to those mentioned in the audit. Council adopted in May 2022 the first legislative reform area: aligning effective dates of Code and fee changes across the City to minimize disruption and delays experienced by customers.

The Task Force will address the other two reform areas – greater inter-bureau coordination and earlier Council direction – in the future. The City decided these two areas will require more time to develop and implement across bureaus and may be impacted by the permitting structure design changes.

- **Task Force adopted structural changes to improve performance and design includes consolidating reviewers from infrastructure bureaus**

We recommended Council hold the directors of their individually assigned bureaus accountable to the implementation of this set of audit recommendations, which were intended to improve Citywide performance.

The Task Force discussed potential changes to Citywide system design with Council at the January 2022 work session and, with Council's support, has been researching a new structure to achieve defined goals. The Task Force adopted in April 2022 the permitting structure design change recommendations from its work group. One notable change is a new Infrastructure Development Services team to consolidate reviewers from Environmental Services, Parks, Transportation, and Water. The Task Force anticipates further research, discussion, and implementation of these structural changes over the next two years.

View the [2021 audit report and recommendations](#).

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