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37628

Resolution

Unify permitting functions to improve City delivery of development review and permitting services

Adopted

SERIES OF AUDITS ALL POINT TO THE SAME ROOT CAUSE WHICH HAS YET TO BE ADDRESSED

WHEREAS, in 1997, a City audit identified factors contributing ongoing development review and permitting problems. These factors included a “lack of central leadership and organizational accountability.”; and

WHEREAS, the 1997 audit’s first recommendation was to “Create a development review bureau with responsibility for review and approval of land use, building and public works proposals. The mission of the development review bureau should be to enforce City land use, building and infrastructure regulations in an effective, objective, and timely manner. We believe the new bureau should be staffed with employees that currently carry out development review responsibilities in each of the six bureaus involved in the process [...] the director of development review would have sole management responsibility for the development review process.”; the entire 1997 audit report can be found in attached Exhibit A; and

WHEREAS, in 2003, a follow-up City audit was done on the City’s development review process. This audit found that timeliness with permitting services remained a problem; the entire 2003 audit report can be found in attached Exhibit B; and

WHEREAS, in 2005, another City audit was done and found that the review of permit applications took longer in 2002 than it did in 1996 and that problems remained with inter-bureau coordination; the entire 2005 city audit report can be found in attached Exhibit C; and

WHEREAS, in March 2021, the City Auditor published a Building Permit Review Audit which found a longstanding inability to meet customers’ needs, and that delays affect the economy and motivate property owners to skirt the permitting system altogether, and that Portland’s fragmented form of government exacerbates the situation, and no one has authority to solve problems; the entire 2021 audit can be found in attached Exhibit D; and

HOUSING PRODUCTION NOT KEEPING UP WITH DEMAND

Introduced by

[Commissioner Carmen Rubio;](#)

[Mayor Ted Wheeler;](#)

[Commissioner Rene Gonzalez;](#)

[Commissioner Mingus Mapps;](#)

[Commissioner Dan Ryan](#)

Bureau

[Development Services \(BDS\)](#)

Contact

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Requested Agenda Type

Time Certain

Date and Time Information

Requested Council Date

August 30, 2023

Requested Start Time

9:45 am

Time Requested

45 minutes

WHEREAS, in 2015, the Council, through Ordinance 187371, declared a housing emergency, which has been renewed five times and was most recently renewed in March 2022 through Ordinance 190756; and

WHEREAS, Portland's population grew by 10.5% from 2010 to 2022, adding just over 68,727 residents. The steady pace of population growth means continuing demand for housing supply that can meet the housing needs of existing and new households without cost burdening them; and

WHEREAS, the Portland region needs 120,000 new housing units, across all income bands, over the next 20 years in order to accommodate projected growth and to make up for past underproduction; and

PORTLAND'S INTER-CONNECTED CRISES

WHEREAS, Portland is facing multiple inter-connected crises, including homelessness, an affordable housing shortage, the need for greater community safety, the loss of small businesses and investment in development projects, and a damaged national image; and

COHESIVE, EFFECTIVE PERMITTING SYSTEM ESSENTIAL IN ADDRESSING HOUSING CRISIS AND ECONOMIC RECOVERY

WHEREAS, the City's ability to deliver cohesive, effective development review and permitting services impacts all of the City's challenges as delays and unpredictability impact Portland's reputation as a city to invest in, and negatively impacts project schedules, financing and increases project costs; and

WHEREAS, in Fiscal Year 2022-23, total building permit volume is down 30% from the peak in Fiscal Year 2015-16, and total project valuation in Fiscal Year 2022-23 was \$1,786,644,888, which is down 35% from where it was in Fiscal Year 2015-16; and

WHEREAS, this loss of investment sets in motion a negative cycle with worsening outcomes, as the loss of General Fund reduces capacity to address the challenges of homelessness, affordable housing, community safety, permitting service delivery, image-related issues such as graffiti, property maintenance, etc.; and

PERMITTING SERVICES IMPACT A WIDE RANGE OF PROPERTY OWNERS ACROSS THE CITY

WHEREAS, in order for the City to meet the demand, it's critical that the structural issues at the heart of the longstanding issues with development review and permitting; and

WHEREAS, depending on the scope of a project needing a permit, as many as 17 different City review groups spread across seven bureaus can be involved in reviewing the proposed plans for compliance with the specific regulations that each review group administers, and each review group's approval is needed before a permit can be approved to issue. The permitting process is

only as fast as the slowest review group, as permit issuance must wait for the last/slowest group to review and approve the plans; and

WHEREAS, under the current system, there is no entity with both the responsibility and the authority to manage the City's development review and permitting services and to define and cultivate a shared vision and team culture of continuous process improvement; and

WHEREAS, Portlanders are extremely frustrated with the longstanding organizational structure issues with permitting, with permitting functions spread across seven bureaus and each of the seven bureaus acting independently with little cohesion, consistency, collaboration or ability to make system-wide improvements; and

WHEREAS, for decades, task forces and committees have worked to make improvements to mitigate for the fact that the organizational structure is not in place as a foundation to support the significant and sustained improvements customers demand; and

WHEREAS, Portland needs a cohesive system; consistent processes, policies, services, staff expectations and accountability; coordinated inter-disciplinary review of permits in partnership with customers; timely, predictable, helpful services; appropriate resources to support the work and to fund the technology projects needed to deliver online permitting services and work efficiently, etc.; and

WHEREAS, for service delivery to improve, all three issues must be addressed: 1) the City's organizational structure needs to change to **establish a consolidated single permitting entity** which is the critical foundation for all future improvements; 2) **an entity with clear authority, responsibility and accountability**; 3) **the resources to fund the staff and the technology projects needed to make continuous improvements to the system, services and culture**; and

WHEREAS, the Bureau of Development Services has made significant progress in addressing permit plan review delays with their review groups that have chronically struggled to meet review timelines (Structural Review Section and their Life Safety Review Sections), and these timeframes continue to improve, and progress has been made in other review groups, however, the structure itself has not been addressed; and

WHEREAS, the City Council has expressed their unwavering commitment to enhance the permitting process in Portland over the past two years through the creation of the Permit Task Force; and

WHEREAS, our collective goal has always been to foster a customer-friendly environment, stimulate growth, and improve the overall experience for all constituents involved; and

WHEREAS, through robust collaboration with every Council office, every permitting bureau, and the building community, the Permit Task Force has invested countless hours in dialogue, analysis, and strategy, with the sole

aim of streamlining the permit process to make it more efficient and user-friendly; and

WHEREAS, we stand united in directing the permit improvement work to continue at an increased speed—as we firmly believe now is the opportune moment to build on the successes achieved thus far; and

WHEREAS, the City of Portland is currently undergoing a government transition, led by the Chief Administrative Officer, and this Council direction should be incorporated into the forthcoming reorganization proposal; and

WHEREAS, we firmly believe this Council direction for a single permitting authority over a core team of permitting employees should be a strategic component of the government transition process; and

WHEREAS, this moment calls for bold action and a renewed commitment to expedite the implementation of further improvements.

NOW, THEREFORE, BE IT RESOLVED, that City Council directs the Chief Administrative Officer, with the cooperation of City bureaus, to prepare for consolidation of development review and permitting staff into one entity by July 1, 2024. This includes City staff involved in development review and permitting of work on property and associated improvements and permitting in the right-of-way. Authority shall be granted to the director of this one entity to resolve conflicts, make decisions regarding development review and permitting services to the community, and personnel decisions. This reorganization is complex and much work is needed to prepare for implementation by July 1, 2024, including:

1. Assigning the Permit Improvement Transition Team as the project management team with additional resource support, as needed and requested.
2. Developing a communications and change management plan.
3. Identifying the FTE and specific staff in each bureau involved in permitting work and how much of each FTE's time is spent on development review and permitting related work, as some employees only spend a portion of their time on permitting work, with the balance taken by other tasks for their bureau.
4. Identifying the funding sources that pay for those employees and resolve any issues regarding that funding following those employees as they are moved organizationally, including getting interagency agreements approved for the regular transfer of funds, and setting up systems to get funding for additional staff as needed to manage workload.
5. Determining the new organizational structure for this new entity with the goal of coordinated review and assistance, improved service delivery, timeliness, predictability and customer experience.


6. Clarifying decision-making authority for engineering decisions.
7. Determining the appropriate number of staff needed to deliver quality, timely services, and then either:
 - A. seek funding for those additional staff, as early as Fall Budget Monitoring Process (BMP) 2023,
 - B. adjust the triggers for review to make workload more manageable, or
 - C. streamline processes to ensure services can be delivered in a timely way.
8. Identifying the City Titles and Administrative Rules that need to be amended to reflect the change in organizational structure and decision-making authority, and proceeding to amend these Titles and Administrative Rules by April 30, 2024, with an effective date of July 1, 2024.
9. Identifying and making amendments to existing Memorandum of Understanding (MOUs) between bureaus by May 31, 2024.
10. Determining the methods to maintain ongoing communication and collaboration between the policy bureaus and the staff who will be working at the new permitting entity to administer regulations that are tied to the mission of their policy bureau.
11. Establishing a plan with timelines and funding for codifying requirements, and associated roles and responsibilities by May 31, 2024.
12. Establishing mechanisms with each "policy-related bureau" to ensure there is an ongoing feedback loop between staff who develop policy and write regulations and those who are administering those regulations to ensure regular maintenance of codes and administrative rules by December 29, 2023.
13. Establishing agreements regarding service delivery and timeliness for the employees who will remain at their "policy-related bureau", so there is predictability and accountability.
14. Assessing and determining singular permit review technology, payment processing, and workflow needs of the newly consolidated office. This includes work that removes redundancies and implements industry best practices through upgraded technology, ultimately with the goal of generating new capacity.
15. By December 29, 2023, produce initial work plan for permitting entity FY 2024-25 budget, identifying names and positions of staff that will be part of consolidation, the funding source(s) for these positions, and a preliminary organizational chart, with implementation of consolidation effective July 1, 2024.
16. The new entity, in partnership with the Permit Improvement Taskforce team, commits to continuing the work that is already underway on an


improved customer-focused website, further identifying central points of contact, as needed, by project type that has already happened within the Bureau of Development Services, supporting the existing code development and code clean up efforts, resolving existing code conflicts efforts that are in progress, completing a thorough permitting business process analysis and identifying one set of technology solutions that can be fully invested in by Council.


BE IT FURTHER RESOLVED, the City Council requests that the named project team deliver an implementation plan by November 1, 2023.


BE IT FURTHER RESOLVED, the City Council requests that all appropriately identified permitting staff be united as one entity under one single permitting authority effective July 1, 2024.

Documents and Exhibits

 [Exhibit A \(https://www.portland.gov/sites/default/files/council-documents/2023/1997-audit.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2023/1997-audit.pdf) 430.1 KB

 [Exhibit B \(https://www.portland.gov/sites/default/files/council-documents/2023/2003-audit.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2023/2003-audit.pdf) 493.51 KB

 [Exhibit C \(https://www.portland.gov/sites/default/files/council-documents/2023/2005-audit.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2023/2005-audit.pdf) 301.6 KB

 [Exhibit D \(https://www.portland.gov/sites/default/files/council-documents/2023/building-permit-review-audit-2021.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2023/building-permit-review-audit-2021.pdf) 1.47 MB

Impact Statement

Purpose of Proposed Legislation and Background Information

The resolution directs the Chief Administrative Officer, with the cooperation of City bureaus, to prepare for consolidation of development review and permitting staff into one entity by July 1, 2024. This includes City staff involved in development review and permitting of work on property and associated improvements and permitting in the right-of-way. The director of this entity shall have all authority typical of a bureau director, such as establishing the entity's organizational structure, staffing and personnel decisions, decision-making on services, processes, tools and systems used in development review and permitting services to the community, conflict resolution, budgeting, etc. The resolution also requests that the named project manager deliver an implementation plan by November 1, 2023 and requests that all appropriately identified permitting staff be united as one entity under one single permitting authority effective July 1, 2024.

Financial and Budgetary Impacts

This resolution directs the Chief Administrative Officer to identify a project manager to start the needed position and funding identification work (staffing assessment). The project manager will recommend to the authority of this new permitting entity on which employees should be part of the core permitting team and which will stay with their current bureaus. It may be determined in the staffing assessment that additional positions are needed and those requests would be made as part of the budget process for the coming fiscal year. Inter-bureau agreements with bureaus will need to be put in place for the transfer of funds to pay for personnel transferring to the single permitting entity as part of the budget for Fiscal Year 2024-25, and any additional funding asks will be clear. Ongoing change management support to create a culture of continuous improvement will be needed.

Community Impacts and Community Involvement

Addressing our disjointed permitting system is critical to Portlanders at a time when we are facing interconnected crises, including houselessness, an affordable housing shortage, the need for greater community safety, the loss of small businesses and investment in development projects, and a damaged national image. With any service-oriented organization, it is critical to pair both the responsibility for providing the services and the authority to manage the organization together in one entity so there can be accountability for service delivery. The external customers the city serves will benefit from knowing and experiencing that there is one place to go to for their permit needs, and that these critical community services are provided in a cohesive, coordinated manner with a single, accountable decision-maker leading the organization.

100% Renewable Goal

Not applicable.

Agenda Items

714 Time Certain in [August 30-31, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/8/30)
(<https://www.portland.gov/council/agenda/2023/8/30>)

Adopted

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Mayor Ted Wheeler Yea