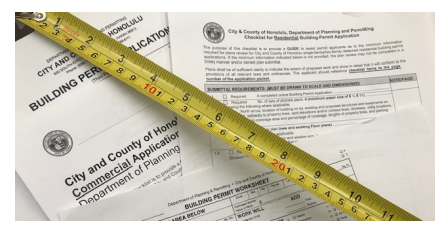


# City Auditor's Highlights

Audit of the Department of Planning and Permitting's Processes for Reviewing Building Permit Applications, Resolution 18-284, CD1, FD1 Report No. 20-01



The Department of Planning and Permitting's (DPP) processes for reviewing building permit applications are unable to support Hawaii's building industry demands. On average DPP has an application rollover of 2,513 outstanding permit applications a year. Over the last five years, total applications for residential and commercial building related permits decreased 37 percent from approximately 23,391 permits issued in FY 2014 to 14,763 permits issued in FY 2018. However, new building residential two-family permits saw a significant increase of 61 percent over the last five years from 41 new two-family dwelling building permits issued in FY 2014 to 66 new two-family dwelling building permits issued in FY 2018. DPP has implemented several new policy and program changes to improve the permitting review process, but further improvements are still needed.

## DPP Does Not Effectively Manage the Permitting Process for Timeliness

In our review, we found that extended review times and high number of excessive review cycles contribute to the backlog and permit issuance delays. Permit review delays often fell into one of four categories: prescreen, multiple plan review, external routing/queuing time and pickup. As a result, the building permitting review process was only able to meet the initial plan review benchmark of two days for all residential permits on average 26 percent of the time in the past five years. Instead, applicants are receiving their residential permits on average 108 days from application submission or 3 ½ months later.

## The One-Time Review 60 Day (OTR-60) Process for One-and Two Family Dwellings Had No Effect on Expediting Permits Issued

Since OTR-60's inception there have been a total of 29 applicants who utilized the 60-day, one-time review process. According to DPP, of the 29 applications, 9 permits have been issued, and 20 were under active review as of August 13, 2019. We found however, that the 9 permits issued under OTR-60 did not meet program criteria and did not receive expedited processing and of the 29 applications submitted 21 should have been disqualified from the start.

OTR-60 Requirements	Description	# of Applications that Met the Program Requirement	# of Applications that DID NOT Meet the Program Requirement	Did All Applications Comply with Individual Program Requirements?
<b>Electronic Application</b>	Applications must be filed electronically, under ePlans.	8	21	NO <input checked="" type="checkbox"/>
<b>OTR Residential Plan Review</b>	The residential plans examiner will have 10 business days to review the project and make a determination if the project is approved as noted.	1	7	NO <input checked="" type="checkbox"/>
<b>OTR Residential Plan Review</b>	The residential plans examiner will have 10 business days to review the project and make a determination if the project is denied.	0	0	NO <input checked="" type="checkbox"/>
<b>Other Reviewing Agencies</b>	All other agencies have 7 business days to review the project and submit back to the residential plans examiner with approval.	0	0	NO <input checked="" type="checkbox"/>
<b>Other Reviewing Agencies</b>	If the other reviewing agencies (non-residential code) cannot complete their review within the allotted time, the application will be disqualified from OTR-60 and proceed under regular review.	0	0	NO <input checked="" type="checkbox"/>
<b>Projects Completely Compliant with OTR-60 Established Rules</b>	<b>Total</b>	0/29	29/29	NO <input checked="" type="checkbox"/>

Source: Office of the City Auditor



## Private for Profit Companies Game the Appointment System

We found many private, for-profit companies utilize the permit application appointment system as an expedited intake and routing process. Some of these private for-profit companies monopolize appointments by exploiting lax controls over appointment bookings.

Private for-profit companies routinely violate the maximum daily appointment allotment by using different applicant or company names. Additionally, appointment slots are booked up months in advance restricting access to the general public. DPP should implement proper internal controls to prevent abuse of city services and resources.



## DPP is unable to account for \$36,000 in Third Party Review (TPR) renewal fees

We reviewed the list of registered third party reviewers and DPP's annual operating budget, and were unable to verify that DPP collected any renewal fees over last five years. In our review, we found that DPP only reports TPR initial registration fees and not TPR renewal fees. DPP was unable to account for \$36,000 in TPR renewal fees that should have been collected for FY2014-FY2018. Because proper payment of renewal fees is one of the internal controls in place to ensure only authorized TPR's are performing services, by DPP not collecting required renewal fees, the department is at risk of having TPR companies and individuals providing unauthorized plan reviews.



For the full report, click or go to: <http://www.honolulu.gov/auditor>  
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