



CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

FILED
SEP 12 2023

No. 22-219

PURSUANT TO RCW Sec. 1-2.5
RESOLUTION

DIRECTING THE CITY AUDITOR TO CONDUCT A PERFORMANCE AUDIT OF THE DEPARTMENT OF PLANNING AND PERMITTING TO ADDRESS SYSTEMIC OPERATIONAL DEFICIENCIES.

WHEREAS, pursuant to Section 6-1503, Revised Charter of the City and County of Honolulu 1973 (Amended 2017 Edition), as amended, the Department of Planning and Permitting ("DPP") performs a number of essential functions for the City and County of Honolulu ("City"), including:

- Preparing the general plan and development plans;
- Performing functions that will promote comprehensive planning, public participation in planning, and an efficient planning process;
- Preparing zoning ordinances, maps, and rules and regulations, and any amendments thereto; and
- Enforcing the zoning, subdivision, park dedication, building, and housing ordinances; the rules and regulations adopted thereunder; and any regulatory laws or ordinances which may be adopted to supplement or replace such ordinances; and

WHEREAS, an efficient, organized, and well-run DPP is in the best interest of the people of the City; and

WHEREAS, improving DPP operations will require a comprehensive effort in which the City's Legislative and Executive Branches work collaboratively to adopt meaningful policies, budget efficiently, and engage in open and transparent communication; and

WHEREAS, the City Administration is currently taking numerous actions to improve the DPP, including the use of American Rescue Plan Act ("ARPA") funds to:

1. Fund 10 personal service contracts essential to support the execution of the Administration's three-year master plan to address systemic operational deficiencies in DPP;
2. Fill vacant positions within the department;



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3. Improve enforcement of illegal vacation rental operations in O'ahu neighborhoods island-wide;
4. Hire an executive assistant who will work to streamline, modernize, and reengineer department policies, procedures, and processes; and
5. Fund personal service contracts to help with the implementation and institutionalization of DPP's computerized permit processing system; and

WHEREAS, the City Council ("Council") approved funding beginning in the 2018 Fiscal Year for the DPP to initiate a Land Use Ordinance ("LUO") update process that involves: (1) gathering input from individuals and professional land use planning organizations to determine how to best proceed with an overall update to the LUO; (2) updating use regulations; (3) updating the land use permitting processes; (4) updating zoning district regulations; and (5) updating the LUO overall to make it more user-friendly; and

WHEREAS, the DPP has completed phase one of the LUO update process and is currently implementing phase 2 with the introduction of Bill 10 (2022) ("A Bill for an Ordinance Relating to Use Regulations"), which, if enacted, would, among other things, consolidate into LUO Article 5 material relating to land uses currently located in various articles of the LUO; and

WHEREAS, Resolution 18-284, CD1, FD1, adopted on January 30, 2019, requested the City Auditor to conduct an audit of the DPP's processes for reviewing building permit applications, and in response the City Auditor's Office ("OCA") released its *Audit of the Department of Planning and Permitting's Processes for Reviewing Building Permit Applications, Resolution 18-284, CD1, FD1, Report 20-01* ("OCA Report 20-01"); and

WHEREAS, OCA Report 20-01 found that, among other things:

- "The [DPP] does not properly administer [its] rules relating to the timely issuance of building permits as outlined in Administrative Code Section 20-2-4 and 20-2-5, Ordinance 18-41 and Section 18-6.4, Revised Ordinance of Honolulu. As a result, permit applications are subject to extended review times and excessive review cycles, which contribute to processing backlogs and excessive delays";



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- "The department is unable to meet the initial plan review benchmarks outlined in their administrative rules for both residential and commercial permits. The agency did not consistently implement internal controls outlined in administrative rules, Sect. 20-2-4 and 20-2-5, requiring plans that have more than one review cycle be limited to revisions and any plans not approved after the second review cycle either self-certify or request a permit by appointment"; and
- "The department's lax controls allowed private companies to monopolize permit review appointments and restricted access to the general public. The department should exercise better control and monitor the appointment system to ensure that proper internal controls are in place to prevent restricted public access and prevent abuse of city services by private for profit companies"; and

WHEREAS, OCA Report 20-01 issued 16 recommendations with respect to DPP's building permitting processes, including:

- "Evaluate all [of DPP's] current administrative rule requirements (e.g., Section 20-2-2) and performance benchmarks to identify and revise any outdated or unachievable requirements" (Recommendation 2);
- "Improve [DPP's] workflow processes by prioritizing building application types, segregating them by complexity, and distributing them among staff so that less complex permit applications can be reviewed quicker" (Recommendation 5); and
- "Establish meaningful performance measures, collect appropriate data, and report [DPP's] compliance with performance benchmarks" (Recommendation 7); and

WHEREAS, the Council finds that, while OCA Report 20-01 was useful in identifying ways that DPP could improve its permitting processes for building permits, a more comprehensive audit of DPP is necessary to address systemic operational deficiencies in carrying out its other functions; and

WHEREAS, the Council finds that, by directing the OCA to conduct a comprehensive audit of the EDPP, the Legislative Branch will be able to better assist the Executive Branch by identifying specific policy and budgetary actions that may assist the department in the completion of the three-year master plan and other City Administration efforts; now, therefore,



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BE IT RESOLVED by the Council of the City and County of Honolulu that the City Auditor is directed to conduct a performance audit of the Department of Planning and Permitting to broadly assess department policies, procedures, and controls; and

BE IT FURTHER RESOLVED that the City Auditor is directed to provide policy and/or budgetary recommendations to the City Administration and the Council so that they may work in tandem to address systemic operational deficiencies within the DPP; and

BE IT FURTHER RESOLVED that the City Auditor is requested to complete the performance audit no later than one calendar year after the adoption of this resolution; and

BE IT FURTHER RESOLVED that a copy of the completed audit report be filed with the City Clerk as a public record; and

BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Mayor, the Managing Director, the Director of Planning and Permitting, and the City Auditor.

INTRODUCED BY:

Tony Wahn

DATE OF INTRODUCTION:

SEP 12 2022

Honolulu, Hawaii

Councilmembers