



Date: June 15th, 2021

To: Honorable Mayor Robert Garcia and Members of the City Council

From: Vice Mayor Rex Richardson, Ninth District
Councilmember Mary Zendejas, First District
Councilmember Cindy Allen, Second District
Councilmember Daryl Supernaw, Fourth District

Subject: **The Long Beach Building Upgrades Incentivizing Long Term Economic Development Initiative (LB BUILD Initiative)**

RECOMMENDATION:

Request the City Manager to conduct a review of the city's hiring practices, and to issue a directive which prioritizes fully staffing the Permit Center as well other offices dealing with the review and approval of building permits.

Request the City Manager to provide a report within 30 days regarding the status of the city's permitting software and provide options for optimizing and expediting the building permit review processes.

Request the City Manager to explore the creation of a "Development Shot Clock" for the review of local development in line with transparency, timelines, and standards consistent with state law.

Discussion:

The Problem

On May 11th, Director of Development Services Oscar Orci submitted a TFF to the City Manager, the Mayor, and members of the City Council detailing the challenges the Building and Safety Bureau faces in issuing construction permits. The memo highlighted lengthy permit turnaround times, lack of communication with applicants, and a slow development review process among other issues. During the COVID-19 pandemic the city's Permit Center saw its full-time staff drop from 11 to 6, with replacement hours coming in the form of private contractors and overtime work. This resulted in substantial delays in the review process which, although understandable, have had significant impacts on workers and prospective tenants.



A recent Long Beach Post article documenting these delays featured interviews with a number of local developers, one of whom even went so far as to say they had stopped doing business in Long Beach altogether after the pandemic.¹ As the city pursues a robust economic recovery, the ability to receive, approve, and execute building permits in a timely manner will have a significant impact on Long Beach's ability to thrive as we emerge from the COVID-19 pandemic. This is of particular concern given the national focus around building infrastructure, both public and private, to fuel this recovery.

Both the TFF and the LB Post article highlighted the that the root cause of the delays in permit approval have been staffing issues, whether stemming from furloughs caused by the pandemic or problems that preceded the pandemic. After starting 2020 with 11 full-time staff and one contractor on the payroll, the Permit Center has been whittled down to just 6 full-time staff, relying on 3 contractors and 5 temporary staff for support.² Since the start of 2021, the Center has suffered from a 50% vacancy rate. This illustrates significant delays in our hiring process. Without prioritization, these key positions may not be fully staffed until 2022, which could cripple our recovery plans and leave the city unprepared to take advantage of important future opportunities, including those offered to cities by the American Jobs Plan currently being negotiated by Congress.

The Opportunity

As we update our permitting system to better prepare for a post-pandemic future, the city has a key opportunity to make the investments necessary to build a modern, transparent, and efficient process from the ground up. Long Beach can continue to be a leader during the recovery by putting people back to work in good-paying jobs that provide pathways to the middle-class. Doing so requires more than just a band-aid.

Although staffing is the root of our current delays, expediting our hiring process alone won't be enough to spur our local economic recovery or help solve the housing crisis currently hurting Long Beach families. Roughly one out of every 200 Long Beach residents is experiencing homelessness.³ 55% of Latino residents, 57% of Black residents, and 71% of moderate-to-low-income residents pay more than 30% of their

¹ "City Official Admits Building Permit Delays Are Failing Customers." May 2021.

<https://lbpost.com/news/city-official-admits-building-permit-delays-are-failing-customers>

² <https://www.longbeach.gov/globalassets/city-manager/media-library/documents/memos-to-the-mayor-tabbed-file-list-folders/2021/building-permit-activity>

³ "Long Beach Sees A Year-Over-Year Increase in Population Experiencing Homelessness". Jun. 2020. <https://www.longbeach.gov/press-releases/long-beach-sees-a-year-over-year-increase-in-population-experiencing-homelessness/>



income towards housing.⁴ We are not a city that can afford to merely return to its pre-pandemic pace of housing construction. In 2019, Long Beach was named the third worst city in the nation at lowering cost of living over the period from 2015-2018 in a study done by Smartasset, as rents as a percentage of median income rose from 37.4% to 41.5%. By contrast, Neighboring Los Angeles was the eighth best-performing city over this period, lowering its rent-to-income ratio from 55.7% to 51.7%.⁵

A common theme among the list of cities which had lowered their average rent burden was recent updates to their permit processing software, something Long Beach hasn't done since 2008.

- Oakland – a city which updates its permit tracking system quarterly, saw a reduction in its rent-to-income ratio from 51.5% to 44.5%.
- San Jose's 2020 update to its permit system helped it stay resilient during the pandemic, as it only experienced a 9% drop in permits issued compared to 2019, while neighboring San Francisco suffered a much steeper 34% drop.^{6 7}
- San Diego updated its permitting software in 2020, transitioning to a fully online system that provides customers full transparency regarding estimated approval timelines while also making the permit process more sustainable, removing the need for paper applications and reducing vehicle trips to permitting offices.
- Huntington Beach's building and planning departments transitioned to a new software in 2018 after 14 years without an update. Residents, contractors and interested persons can visit their website to read up-to-date information on permit activity, arrange inspections, make payments, and track the progress of their project from their home or smart phone 24 hours a day.⁸

⁴ "City of Long Beach Consolidated Plan (FY 2018 - FY 2022)"

<https://www.longbeach.gov/globalassets/lbds/media-library/documents/housing--neighborhood-services/2018-2022-consolidated-plan/current-consolidated-plan-2018-2022>

⁵ "Where Rent Is Becoming More and Less Affordable - 2019 Edition" Nov. 2019.

smartasset.com/checking-account/where-rent-is-becoming-more-and-less-affordable-2019.

⁶ "Could Bay-Area Home Building Be a Covid Long-Hauler?" Apr. 2021.

<https://www.mercurynews.com/2021/04/18/could-bay-area-home-building-be-a-covid-long-hauler/>

⁷ "San Jose Real Estate Market and Investment Overview." Apr. 2021.

<https://www.noradarealestate.com/blog/san-jose-real-estate-market/>

⁸ "\$3.2 million software upgrade approved for Huntington Beach city services." May 2016.

<https://www.latimes.com/socal/hb-independent/news/tn-hbi-me-0519-city-council-20160519-story.html>



The referenced May 11th TFF references that our Building and Safety Bureau is partnering with the Technology and innovation Department to upgrade the permit software utilized to process permit requests. It mentions that these upgrades will offer “an improved online application and payment process for Express Permits by summer.” Given the critical relationship this system has to our economic recovery, it is important that the Council have an in-depth understanding of what is being considered to ensure that our systems be as efficient as possible, and that we offer the Bureau all the help we can to make sure that transition is completed as soon as is feasible.

Finally, it is critical that we review the development application process as a whole while considering improvements to staffing and software. In 2019 Governor Newsom signed SB 330 which mandates that residential, mixed-use, and supportive housing developments be either approved or rejected within 90 days of receipt of an application, with a special carveout for affordable housing which mandates a 60-day turnaround. Since SB 330’s passage, cities like Long Beach have been exposed to significant legal liability stemming from delays in the permit approval process. According to a recent study by UC Berkley’s Institute of Urban and Regional Development, the average turnaround on approval for discretionary development projects was a whopping 321 days.⁹ This cannot be allowed to continue if Long Beach is to reach compliance with state law.

Comparison of Existing Permit Streamlining Act Timeframes vs. SB330		
	Prior State Law	Amended State Law
Any project requiring an Environmental Impact Report (EIR)	180 days from date of certification	No Change
"Development Project", consisting of residential units only; mixed-use development (2/3 of square footage as residential); or transitional/supportive housing, requiring an EIR	120 days from date of certification	90 days from certification
"Development Project", with a minimum 49 percent of residential units affordable to very low or low-income households, requiring an EIR	90 days from date of certification	60 days from certification
Any project requiring the preparation of a Negative Declaration	60 days from date of adoption	No Change
Any project determined to be Exempt from CEQA	60 days from date of determination	No Change

⁹ “Examining the Local Land Use Entitlement Process in California to Inform Policy and Process.” Feb. 2019. <https://www.law.berkeley.edu/wp-content/uploads/2019/02/Examining-the-Local-Land-Use-Entitlement-Process-in-California.pdf>



In order hold itself accountable in delivering projects that addresses our local housing crisis and to protect itself from legal liability, the city of Long Beach should explore a policy around a timeframe or “Shot Clock” on the development of certain projects. This is not an unprecedented action. In fact, other provisions of SB 330 have already been codified into city code in Ordinance no. ORD-21-0007.¹⁰ Elsewhere, the city of Santa Monica’s Planning Commission recommended their city council explore adopting the shot-clock provisions of SB 330 into its municipal code, which could include automatically approving these development projects if the permitting process pushes beyond the state-mandated timeframe.¹¹ The state of Texas also passed an ordinance in 2019 mandating automatic approval after a 30-day shot clock for most types of housing or land development.¹² By comparison, SB 330’s 90-day shot clock is far more manageable.

As a city recovering from a pandemic, facing a housing crisis, and continuing to tackle issues of economic equity, we should do all we can to remove barriers that prevent us from building a healthy, safe, and vibrant city for all our residents. As the nation prioritizes our economic recovery, let’s prioritize investing in systems that help drive a speedy and comprehensive recovery that allows us to produce the housing and jobs our communities need.

Fiscal Impact:

As part of the recommendation, staff is requested to identify the costs associated with updating software and impacts of permit process changes on fee revenue.

Equity Statement:

The Framework for Reconciliation calls on the city to “identify mechanisms to increase development of affordable housing.”

Suggested Action


Approve recommendation.

¹⁰ “ORDINANCE NO. ORD-21-0007.” Feb. 2021. <https://www.longbeach.gov/globalassets/city-clerk/media-library/documents/public-notice/ordinances/ord-21-0007>

¹¹ “Planning Commission Report.” Mar. 2020. <https://www.smgov.net/departments/pcd/agendas/Planning-Commission/2020/20200304/s2020030405-C.pdf>

¹² “‘Shot clock’ bill resets development review time.” Jun. 2019. <https://www.austinmonitor.com/stories/2019/06/shot-clock-bill-resets-development-review-time/>

Date: May 11, 2021

To: Thomas B. Modica, City Manager 

From: Oscar W. Orci, Director Development Services 

For: Mayor and Members of the City Council

Subject: **Building Permit Activity**

The COVID-19 pandemic created challenges to service delivery in the Building and Safety Bureau (Bureau) that have resulted in delays issuing permits, primarily the issuance of minor construction permits. On March 13, 2020, the Development Service Center (Permit Center) closed to the public as part of the City’s wider response to COVID-19 and the associated Health Order. During the 14 months since then, the City has provided homeowners, businesses, contractors, and other customers with permit processing through a remote email-based process and has continued to provide inspection services at jobs sites throughout Long Beach. During this period, permit turnaround times, customer communication, and overall development review process have not met the City’s goals nor the needs or expectations of our customers.

Due to COVID-19 restrictions, the Bureau transitioned from an in-person service delivery model to a digital format. The transition has not been perfect but was being managed until the departure of key staff at the end of 2020. Since January 2021, the Bureau has experienced a 50 percent vacancy rate, up from 27 percent vacancy overall in 2020. Furloughs, in effect from October 2020 to April 2021, also resulted in fewer available staff. To fill the vacancies until permanent employees can be hired, the Bureau has relied on consultants, Pacific Gateway Workforce Development employees, transitional duty employees, additional overtime, and the use of employees from outside the Bureau. More recently, the Bureau has been hiring additional temporary staff, beyond the budgeted positions, to process the backlog of applications. The table below shows Permit Center staffing levels for January 2020 through April 2021.

Month	Filled by FTE	Filled by Contractor	Vacancies	Filled by Other Staff	% Staffed
January 2020	11	1	0	0	100%
February 2020	10	1	1	0	92%
March 2020	10	0	2	0	83%
April 2020	10	0	2	0	83%
May 2020	10	1	1	0	92%
June 2020	9	2	1	0	92%
July 2020	8	2	2	2	100%
August 2020	8	2	2	2	100%
September 2020	8	3	1	0	92%
October 2020	8	4	0	0	100%
November 2020	8	4	0	0	100%
December 2020	8	4	0	0	100%
January 2021	6	6	0	0	100%
February 2021	6	4	2	0	83%
March 2021	6	4	2	2	100%
April 2021	6	3	3	5	117%

Both the need to adequately train temporary employees and the transitory nature of these staff members have presented challenges to the Bureau's goal of delivering quality service to customers. Following authorization by the City Manager, the Civil Service and Human Resources Departments have prioritized the hiring of permanent Permit Center employees beyond the budgeted positions to address both the backlog of permits and the rapid turnover experienced in the Bureau due to temporary staffing.

Another challenge in the digital format permitting process has been the receipt of incomplete applications. Staff now spends more time (via phone and/or email) collecting required information that are needed to process applications than they spend issuing permits. The in-person process typically takes one business day (same day) to issue permits. On the other hand, due to incomplete applications, permits now can take weeks to complete. Prior to the Permit Center closure, permit applicants were served between the hours of 8:00 a.m. to 5:00 p.m. on weekdays. However, under the online submittal process, the Bureau receives submittals on a 24-hour basis.

Additionally, construction activity has significantly as homeowners and businesses invest in their properties leading to even more applications.

The following internal and external enhancements have been made since the Safer at Home Health Order was issued to enhance service delivery in the new digital format:

- Inspection Link: Provides customers with an electronic way to schedule inspections. <http://www.longbeach.gov/lbds/building/inspection/schedule/>
- Plan Review Status Log: Provides customers with an electronic way to track progress on their requested plan checks. <http://www.longbeach.gov/lbds/building/permit-center/project-review-status/>
- Processing of solar, pool, and other specialty permits are performed by management staff.
- Waiving pre-payment requirements for plan check services to expedite review completion and permit issuance.
- Extension of plan check and permit expiration timelines.
- Fee collection through new online fee payments.
- New Public Records Request response process (frees up time to devote to permit reviews).
- Business License verification deferred to first inspection to reduce data collection burden and accelerate permit issuance.
- Cross-training and cross-assignment of staff across Development Services to relieve bottle-necks in the permitting process.

The Development Services team is working on final arrangements with staff to restart limited in-person services starting today, May 10, 2021. These services will be by appointment only and limited to Express Permit (minor construction) projects such as water heater replacements,

Building Permit Activity

May 11, 2021

Page 3

electrical service or heating upgrades, window replacements, and re-roofs. Staff and those with appointments entering City Hall will follow all COVID-19 safety guidelines. Walk-ins will not be accepted, but same-day appointments may be granted pending availability. Through this new in-person model, we will be prioritizing the backlogged applicants and expect this to provide significant improvement over the next few weeks.

Department management have taken an all-hands on deck approach to focus on improving the Permit Center customer experience. Managers and supervisors have been dedicating resources, as well as taking on permitting duties in addition to their normal tasks to speed up response times, including troubleshooting and responding outside of normal work hours and on weekends. We received feedback recently that these efforts are showing positive results and response times are improving.

In the medium-term, the Bureau is partnering with the Technology and Innovation Department to upgrade the permit software (Infor/Hansen) utilized to process permit requests. It is anticipated that these software upgrades will offer an improved online application and payment process for Express Permits by summer. It is also expected that in-person Permit Center operations will be expanded by late summer or early fall.

We will continue to provide updates as key milestones are achieved and the City moves forward toward a full reopening.

If you have any questions, please contact me at Oscar.Orci@longbeach.gov or (562) 570-6369.

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