



State Comptroller of Israel | Local Government Audit | 2021

Planning and Building

Optimizing Construction Licensing Procedures



Optimizing Construction Licensing Procedures

Background

According to the Planning and Building Law, 1965 (Planning and Building Law), the execution of construction work requires, as a rule, the receipt of a building permit. Licensing is designed to ensure that the construction is in accordance with district outline schemes and other legal provisions pertaining to the type of construction and the safety of the buildings. Licensing procedures have a direct impact on the activity of the construction industry, which contributes greatly to the economy. Hence the importance of optimizing procedures and their quality control. In 2014, the Knesset (Israel's parliament), passed a comprehensive amendment to the Planning and Building Law (Amendment 101) which included provisions for improving the efficiency of licensing procedures.



Key figures

131

Local planning and building committees operate in Israel under the Planning and Building Law.

NIS 151.5 billion

The total investment amount in the construction industry in 2018.

25,336

Building permits were issued in 2019, approving the construction of **60,762** housing units.

NIS 65 million

The cost of developing and operating "rishuy zamin¹" in 2016–2019.

5

Of the 15 building code chapters have been published as regulations

58

Permit applications were processed in 2018–2020 (until July) through the control institutes, while the number of applications that were suitable for handling by the control institutes was estimated at approximately 3,000.

47 work days

The average length of time for the issuance of an information file for files produced between September 2018 and September 2020.


319 days

The average length of time for obtaining a building permit in the second half of 2019. An average of **407** days were required to obtain permits which included building or usage exceptions.





¹ Rishuy zamin is a government online system designed to make the licensing process accessible and efficient.



Audit actions

 In June-December 2020, the Office of the State Comptroller audited the process of improving the efficiency of construction licensing procedures in the Planning Administration and in the local planning and building committees. The audit examined the implementation of the main points of Amendment 101 in the field of construction licensing. The audit also examined Issues related to the preparedness of the local committees for effective performance of their role – in the field of equipment, human resources, organizational infrastructure and the provision of services to the public. Some of the issues were examined in all 131 local committees; in eight local committees – the local committees of Beer Sheva, Beit Shemesh, Haifa, Mordot HaCarmel, Ma'ale Hagalil, Netivot, Kesssem, and Rosh HaAyin – an in-depth examination was conducted (hereinafter – the examined committees).

Key findings

-  **Organizational Preparedness** – In 54 local committees (approximately 58% of those who reported) there is a shortage of more than 30% in database managers relative to the recommended standard. In 15 committees (approximately 16% of those who reported) the number of permit examiners in the committees is 30% greater than the number recommended in the standard. No relationship was found between a surplus or shortage of permit examiners and the average timeframes for obtaining permits in the second half of 2019.
-  **Professional Training and Development** – The local committees examined did not prepare professional training and development programs for permit examiners and database managers.
-  **The Administrative Infrastructure for Optimizing Licensing Procedures** – Only three of the eight committees examined had procedures for managing licensing procedures, two of the eight had work plans, and three of the eight maintained the legal quorum of committee and Licensing Authority meetings throughout the years reviewed. In the committees examined, the possibility of obtaining management reports on the processes is limited and does not include data slicing according to several parameters, presentation of processing and analysis of the data and trends, and a visual display of the progress of the processes and alerts regarding anomalies (BI system).
-  **Accessibility of the Websites of the Examined Committees** – The websites of the committees examined were not fully accessible as required by law to people with visual impairments and blindness, and as a result complete familiarity with them and locating



all relevant information is not possible. The **Be'er Sheva** Local Committee did not publish an accessibility statement on its website, and in statements issued by the other committees, with the exception of the **Rosh HaAyin** Local Committee, incorrect details were specified about accessibility coordinators – including incorrect phone numbers – and thus the public was unable to contact them by phone.



Publication of Planning and Building Notices to the Public – The notices published to the public include many technical details and data which are densely printed. The cost of publication in newspapers (publication required by law) in 2019 is estimated at approximately NIS 15 million. The format of publication of the notices and its cost raise doubts about the usefulness of the publication; the Planning Administration did not examine these aspects.



The Building Code – At the end of the audit, the enactment of five of the 15 chapters of the building code had been completed and the enactment as regulations of four chapters is in advanced stages. The drafting of the other six chapters of the code has not yet been completed, and they include chapters dealing with the building's frame and foundation, accessibility, fire safety and user safety. The expected date for their enactment as regulations is not even known.



Control Institutes – In the years 2018–2020 (until July), the six control institutes established dealt with 58 permit applications. During this period, the government allocated grants and additional payments in the amount of approximately NIS 13.7 million to support the institutes due to their limited activity. At the end of the audit, it was found that the control institutes are not yet authorized to process all types of permit applications. Additionally, they do not have controllers authorized by the Ministry of Health and the Ministry of Protection of the Environment as provided in the Planning and Building Law, and they do not serve as a control center that concentrates all control processes under one roof.



"Rishuy Zamin" System – It was found that the system is not fully tailored to meet needs. For example, in the absence of an interface between it and the committee management system, the committees are required to perform double and manual work in both systems – which causes excessive manpower costs, impaired ability to manage and control processes, and the possibility of errors, such as differences in recording permit issuance dates in both systems, and other risks and legal complications as well. Due to the lack of an interface, no government body has comprehensive information that integrates the data contained in all systems and as a result, the necessary data to complete updated key findings in the field of planning and licensing, are missing.



The Time Required to Receive an Information File – in the years 2017–2020 (until September), the stage of receiving requests for information lasted an average of approximately 17 working days. In September 2018, the period of time for producing



an information file after intake of the application was shortened from 45 working days to 30 working days. It was found that the average time required to produce information files did not exceed that determined by the law. However, in 16% of the cases of files received between September 2018 and September 2020, the period of time for producing an information file exceeded more than 10 working days from that determined by law; it should be noted that this calculation does not refer to periods of vacation not documented in the database.



The Time Required to Obtain a Building Permit – It was found that the issuance of permits in all tracks in the second half of 2019 took an average of 319 days; in the exceptions track an average of 407 days, in the full track 276 days and in the shortened track 144 days. These durations are longer than the average time of 114 days that the World Bank measured in countries that operate online systems for submitting permit applications.



The Effect of Amendment 101 on the Timeframe for Obtaining a Building Permit – The audit shows that until the end of the audit, Amendment 101 did not significantly shorten the time required to obtain building permits in the examined committees, and the average time required to obtain the permit in two of the examined committees became even longer: the average time in **Be'er Sheva** took approximately 32.6% longer, and in **Kessem** approximately 64.6% longer. It should be noted that after Amendment 101, the period of time required for the stage of receiving information in its new format, which lasts an average of approximately 47 working days, must be added to the periods of time for obtaining a permit. Thus, in terms of the length of all the procedures required to obtain a building permit after Amendment 101, it appears that the licensing processes take even longer.



In the years 2017–2019, the local committees increased their use of the "rishuy zamin" for the issuance of building permits. The number of permits issued in "rishuy zamin" increased from approximately 3,400 in 2017 to approximately 14,500 in 2019.

The **Mordot HaCarmel** Local Committee is the only one of the eight committees examined that held **annual discussions** at its meetings on the status of licensing, promotion of the reform, and the scope of permits in the area of its authority.

Key recommendations



The number of personnel in the Local Committees and the Efficiency of its Allocation – It is recommended that the Planning Administration examine from time to time whether the recommended personnel guidelines lead to efficient allocation of



manpower that suits existing needs, and it is recommended that the local committees periodically examine whether their allocation of personnel fulfills the aforesaid. In order to examine this, it is proposed to establish indices for the outputs of workers in the field and desirable goals on the subject.



Professional Training and Development – It is recommended that all of the examined committees prepare professional training and development programs based on the analysis of the required knowledge and skills, while establishing mechanisms to cultivate a learning atmosphere in the organization. This may contribute to improving the quality of work of permit examiners and data managers and increasing their efficiency.



Conducting Fundamental Discussions on improving the efficiency of Licensing Procedures and Service to the Resident – It is proposed that local committees consider from time to time the status of building licensing in the committee to address bottlenecks, barriers to the optimizing procedures and ways to improve service to the resident. It is recommended that the Planning Administration instruct all local committees to hold discussions on these issues and conduct follow-up to ensure that its instruction is implemented and that the discussions take place as required.



Development of BI Systems in Local Committees – It is proposed that local committees examine whether there is a need to develop BI systems that will enable effective and efficient management and control in the field of licensing procedures, help locate bottlenecks created in these procedures, and contribute to shortening the processing time for permit information applications and building permit applications. Since the issue concerns many committees, it is proposed that the Planning Administration, the Federation of Local Authorities in Israel, and the local committees consider working together to characterize a basic BI system and lower development costs.



Accessibility of the Websites – It is recommended that the examined committees act to significantly improve the accessibility of the sites, with the assistance of the authorized service accessibility consultant as required. In order to allow uniformity between the accessible sites in terms of their design and level, it is recommended that the Planning Administration prepare guidelines for all local committees, in cooperation with the Commission for Equal Rights for Persons with Disabilities.



Publication of Notices to the Public in Matters of Planning and Building – It is proposed that the Planning Administration initiate a staff project on the desired manner of publishing the notices to the public, with the participation of the public which is the target audience of those notices, and that the effectiveness of publication in the written press and transition to publication on the internet be examined within the aforesaid project. It is also advisable to consider clearer graphic ways of presenting the



information, including the use of maps or other means of illustration, and to match existing digital technology with the manner of publication.



Control Institutes – It is recommended that the Planning Administration act in accordance with the need to regulate the number of approving bodies in the control institutes in order to increase the efficiency of the process and to concentrate it, if possible, in one place. Alternatively, it is proposed that the control institutes be authorized to contact, on behalf of the online applicant, other parties required to improve the service for the applicants, as part of the procedures they perform. It is also proposed that the Planning Administration work to expand the scope of activity of the control institutes during the preparation period and to implement the provisions of the law within the framework of monitoring the local committees.



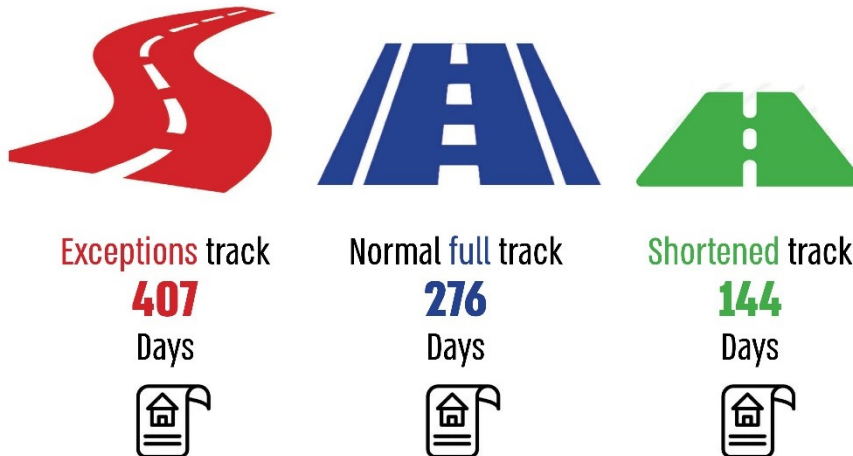
Interface Between "Rishuy Zamin" and Committee Management Systems – In view of the damages and risks arising from the lack of an interface between the systems and in view of the value of the option of online submission of applications to local committees, the Planning Administration must formulate a plan of action to complete the development of a comprehensive innovative system and of a unit for online submission of information and building permit applications, that will be adapted to the needs of users and the requirements of the law, reflect current technological developments and capabilities, and be flexible enough to adapt itself to future technological changes.



The Manner of Processing Approval of Applications for Building Permits – It is proposed to consider formulating arrangements that will lead to uniformity in the stage of intake of permit application and to concentrating the required coordination and approvals from various parties who act separately. Since the stages of processing a permit application are carried out in a serial process, there is room to consider having all relevant parties receive the applications simultaneously. It is also recommended to consider setting a maximum period of time to complete the overall processing of applications for building permits and to monitor the matter to ensure that the committees meet these time limits.



Average Durations for Issuing Building Permits, by Track



According to the data of the Planning Administration for the second half of 2019, processed by the Office of the State Comptroller

Summary

In the six committees examined, Amendment 101 did not result in a real shortening of licensing procedures and there are still structural and cross-cutting issues underlying the processes – multiplicity of factors without a coordination mechanism, multiplicity of requirements that are not necessarily uniform, cumbersomeness resulting from the process of granting building and usage exceptions, and very limited activity of the control institutes, so that as yet there is no center for performing content control under one roof, and content control that is not effective enough from the engineering aspect in the local committees. It is proposed that the Ministry of Interior, the Planning Administration, local authorities and local committees work to rectify the deficiencies raised in this report, with the participation of all relevant parties to the licensing process and with comprehensive preparations for improving the efficiency of construction licensing procedures in Israel, based among other things on the recommendations of this report.