

## NAIOP NEWS

Commercial real estate happenings



JUSTIN J. EDDY

### It's Time for Permitting Reform in Ohio

The permitting process in Ohio has long been mired with uncertainty and often costly delays for Ohio's real estate developers and the business community, particularly in Ohio's major cities. The pandemic only exacerbated the problem, and applicants now must often wait more than a year to get a simple building permit.

Recent state-level legislative efforts in competitor states like Georgia, Florida, North Carolina and Texas have sought to address similar issues. The goal of these reforms is to increase predictability, transparency and consistency in the review and inspection processes at the local level by instituting specific timelines that localities must follow, reducing permitting fees when those timelines aren't met, and, most notably, allowing applicants to utilize qualified third parties when the locality cannot or fails to process an application within specified time periods.

Ohio needs to follow suit if we want to maintain an advantage over competitor

states. Currently, the permitting process is unpredictable and often lacks any modicum of transparency. Some local governments provide timely reviews, and others do not; some impose reasonable fees, while others treat the permitting process as a source of income; some adhere to clear review standards, while others use the approval process to exact often costly changes and concessions.

Solving these issues at the local level is virtually impossible. Accordingly, NAIOP of Ohio is advancing a proposal to reform Ohio's permitting process at the state level by revising R.C. Sections 3781.031 and 3791.04. These revisions seek to provide a



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common-sense framework for local governments, requiring reasonable timelines to review permit applications and conduct inspections, and giving applicants the ability to engage third parties when the local government cannot adhere to those parameters.

The key features of NAIOP of Ohio's proposal include:

- Requiring local authorities to notify applicants within five business days after receipt of an application whether such application is "complete."
- Following notification that the application for a permit is complete, the local authorities must render a decision on the application within 30 days; if the local authority cannot process the application within the 30-day timeline, it must provide notice to the applicant.
- If local authorities notify an applicant that it cannot process the permit application within 30 days, the applicant has the option to use a third-party architect or engineer (at the applicant's expense) to review the permit application.
- If the local authority cannot process the permit application within 30 days, and the applicant opts to use a third-party architect or engineer, the applicable fees are reduced by 50%.
- In addition to permitting, many developers and business owners find scheduling inspections to be problematic. NAIOP's proposal provides that inspections must be performed within two business days of the request made by the developer. As with permitting, the applicant can opt to use a third-party service provider to provide the inspection if the locality cannot perform its inspection within two business days.
- Applicants can utilize the expedited appeal procedures set forth in SB 41.
- Local authorities must meet with owners when issuing stop work orders

(with exceptions when threats to public safety exist) to resolve violations within two business days. If the violations are not resolved, the owner is entitled to an expedited appeal.

Commercial real estate development is a powerful driver of Ohio's local and state economies. In 2022, the real estate industry contributed \$64.4 billion to the state GDP, generated \$23.9 billion in wages and salaries, and cre-

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ated 423,844 jobs, which place Ohio as the third highest ranking state in the nation for overall economic impact of real estate (See "Economic Impacts of Commercial Real Estate," 2023 Edition at naiop.org/contributions2023).

Unfortunately, inconsistent regulatory schemes, staffing problems, unreasonably long review periods and inconsistent inspection criteria present very real roadblocks to new investments and threaten the momentum the industry has cultivated over the last several years.

These issues aren't limited to the real estate industry. Any entrepreneur needs local permits before starting a brick-and-mortar business – whether that business is a restaurant, a barbershop or manufacturing facility. Unreliable bureaucracies, bureaucratic delays, unnecessarily complex regulatory schemes and lack of transparency not only increase start-up costs, but are often barriers to entering the marketplace.

Policy reform is necessary if Ohio wants to maintain its competitive advantage over similarly situated states. Simply put, there is a better way to manage the permitting process. **P**

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