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# Funding Permitting, Licensing, and Code Enforcement Software Across State and Local Governments

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The background of the page is a photograph of a city at night. In the foreground, there is a multi-lane highway with a metal guardrail. Several bare trees are scattered along the roadside. In the background, there are several buildings, including a prominent one with a green roof and another with a water tower on top. The sky is dark, and the city lights create a bokeh effect.

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Almost overnight, the COVID-19 pandemic fundamentally altered the way state and local governments operate and deliver services. As government employees began working from home, they had to develop new workflows and internal processes to maintain a continuity of government services in a remote environment. Without enough time to move to digital platforms, governments had to either pause services that once required documents to be filled out manually and hand-delivered, or they had to quickly develop inefficient workarounds. For government executives and staff, these unexpected changes quickly shifted the status quo – likely for good. If it hasn't already resulted in permanent changes and improvements, the pandemic's effects on government operations presents an essential opportunity to digitize many dated processes and implement cloud-based solutions that can centralize information for government departments, increase departmental efficiency, improve public engagement, and support post-pandemic economic growth.

As the economic recovery begins, it's crucial that governments position themselves to accommodate the growing demands for housing starts, new businesses, and occupational licenses. We can already see this demand increasing: In March 2021, U.S. housing grew at an astounding 19.4% month-over-month – the highest rate since June 2006, while U.S. building permit demands increased from pre-pandemic levels of 1.327 million units in March 2019 to 1.755 million units in March 2021. To fully prepare for this surge, permitting and licensing departments need to consider their current staffing levels, their department's annual activity for issuing permits and licenses, and the average time it takes to issue them. Taking these factors into account, many governments are not equipped to handle this growing demand. They instead still use dated permitting and licensing processes that can stymie economic growth through

slow approval times, such as relying on paper forms that are filled out by hand and submitted in-person. Once submitted, lacking visibility into the process, applicants may have trouble determining the status of their application and then have to make multiple phone calls or send emails to various government employees to receive an answer. This process is also burdensome and time-consuming for public-sector employees. Paper-based systems make it challenging to collaborate across necessary departments, leading to information silos that can further delay approvals. From beginning to end, the inefficiencies and opacity of this process can not only be frustrating for constituents, but costly, as well. For example, a 2016 study from the New York City Comptroller's office found that nearly 30% of the small businesses surveyed waited six or more months to receive all necessary approvals to open.<sup>1</sup> Even as the economy begins to rebound from the depths of the pandemic, delays to new businesses, new building construction, and license applications threaten this fragile recovery.

As governments emerge from the pandemic with tight budgets and are looking for ways to both enhance their operational efficiency and increase tax revenue, improvements to permitting and licensing processes offer a two-for-one opportunity. Speeding up the permitting process means that new businesses can get off the ground quicker and people can get back to work sooner, all of which will pay dividends in the state and local economy. By leveraging permitting and licensing software to expedite permit and license approvals, governments can collect fees and taxes faster, and over time, permanently increase revenues. One U.S. study found that by reducing permit approval times by 3 months, jurisdictions could increase construction spending by 5.7% and property tax revenue by 16%. Moreover, a simple and efficient approvals process can encourage outside investment by reducing costs and project timelines.

<sup>1</sup> Source: <https://comptroller.nyc.gov/wp-content/uploads/documents/RedTapeReport.pdf>

But for governments looking to transform their permitting and licensing operations to support economic recovery, the road hasn't been easy. Adding to the negative economic impacts of the pandemic, government budget crunches and limited IT resources have made it more challenging to adopt digital permitting and licensing software. Luckily, the new \$1.9 trillion-dollar American Rescue Plan stimulus package sets aside crucial funding to governments to help them respond to the pandemic, shore up their budgets, and modernize their public services. Within this massive stimulus package, over \$350 billion in direct aid is going to state and local governments through a funding bucket called the **State and Local Fiscal Recovery Funds**. These funds have now begun to flow from the U.S. Department of Treasury to states,

The Treasury states that Fiscal Recovery Funds projects are intended to be "generally forward looking." Think about how permitting and licensing software can support your government's post-Covid economic future!

territories, tribal governments, cities, and counties, who have until December 31, 2024 to spend them.

The broad eligible expenses for these funds means that governments have wide leeway to use them:

- to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of

the State, territory, or Tribal government that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;

- for the provision of government services to the extent of the reduction in revenue of such State, territory, or Tribal government due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the State, territory, or Tribal government prior to the emergency; or
- to make necessary investments in water, sewer, or broadband infrastructure.

Beyond this new stimulus funding, there are other public health and law enforcement grant opportunities that can fund a permitting and licensing solution. For example, county health departments that receive **Public Health Emergency Preparedness** grant funding can leverage those funds for permitting software to help them ensure businesses are following necessary health regulations.

This guide will help focus your grantseeking efforts on the most technology-friendly grant opportunities available that can fund digital permitting and licensing software solutions. It focuses primarily on the new State and Local Fiscal Recovery Funds, as those funds have already begun to reach governments, meaning that decisions on how to spend those funds are being made now.

Now is the time to start building your stimulus proposal and assembling the necessary team members for your project. Below, we'll explain some best practices to maximize your chances of successfully securing funding for your permitting and licensing project!



## INTERNAL COMPETITION FOR STIMULUS MONEY

To best position your department to successfully leverage stimulus funds, it's important to understand how pursuing stimulus funding differs from standard non-stimulus grantseeking processes. Most non-stimulus grants are based around **external competition**, meaning that applicants put together an application and compete against other agencies or departments either across their state or the country. A grant funder puts out a Notice of Funding Opportunity that outlines the prerogatives of the grant program, the eligibility requirements, and the information that must be included in a proposal. This ensures that grant proposals for a program will be fairly standard in their look and the questions they answer, even if the proposed projects from the individual applicants vary drastically. Submitted proposals are then reviewed by subject matter experts in the relevant field.

This is not the case with stimulus funding, which are directly allocated to governments. In other words, there's no competition to be had with other governments – everyone gets a piece of the pie.

Because governments are receiving direct allocations from the Treasury, they are the ones who choose how to spend their funds and the projects or initiatives they want to invest in. Rather than an external competition, this is an **internal competition** to get a share of the money. Instead of competing against other applicants across the state or the country, your competition is within your organization, either with other state agencies or departments (if you're competing for State Fiscal Recovery Funds), or with other local departments or agencies (if you're competing for Local Fiscal Recovery Funds).



This means that there isn't a standard application to fill out. Instead, there will likely be a department, agency, or committee in charge of overseeing these funds who will devise an internal application process. You and your department will need to speak with the team in charge to learn more about what this process looks like. It also means that you're going to need to advocate internally for your project and articulate why it deserves to be funded over other state or local government initiatives. Effectively making this case means that you'll need to assemble your team of key stakeholders and develop a project proposal that succinctly communicates what you need and why you need it.

## IDENTIFYING THE DECISION-MAKERS

Regardless of whether you're pursuing stimulus funding or a "normal" federal, state, or foundation grant, gathering the key decision-makers for your project is a must. No one goes it alone on any grant proposal, and maximizing your potential for success means assembling the necessary team. Though everyone's team will look different, it may include the IT department, the finance department, a grants department (if you have one), and permitting staff. Make sure that each of the relevant parties is looped into all communications regarding the project and be sure to utilize the expertise of each department to craft a strong proposal.

Outside of your team, you also want to consider a broader set of stakeholders outside of your department. Think about who the beneficiaries of the project are and how they will benefit. Have you seen lengthy processing times affect the ability of local businesses to get off the ground? Have there been delays in processing professional licensing requests? Or have lengthy development approvals delayed construction projects and deterred outside investment in your community?

You also need to think about the perspective of those reviewing your proposal. A successful proposal involves convincing reviewers that your project is more important and necessary than other competing projects. Consider how your project furthers the funder's objectives and how a permitting and licensing solution can advance your goals – what's your expected return on investment? Having a well-rounded team to support your project will further convince these reviewers that your project is worth funding.







## WHAT FORMAT SHOULD MY PROPOSAL TAKE?

One of the challenges with pursuing stimulus funding is that there isn't a one-size-fits-all approach. States and local governments have considerable flexibility with how they can allocate and spend these funds, including how they design their proposal process. After you've identified which department or agency is in charge of these funds, it's a good idea to reach out to them to find out what the process looks like for submitting a proposal. Is there a formal application that they want you to fill out? Or is it simply a series of conversations that you'll have with key decision-makers?

Even though the required format for your proposal will vary depending on your location and what your government chooses to do, there are still some key pieces of information that you'll want to have at the ready:

### Basic Organization Description

What is your department or agency's role at your state or local government? What are the responsibilities of your department?

### Description of Pain Points

What are the particular challenges your organization is facing? How are they tied to the pandemic? In other words, has the pandemic caused, or exacerbated, the problem you're looking to address?

### Solution

How will permitting and licensing software solve your department or agency's challenges?

### Budget

How much do you need to implement your project? You don't want to approach the team overseeing these funds without a clear idea of how much you need to spend.

### Timeline

If you receive the funding, how long will it take you to implement the solution? What steps are involved? Demonstrating you have a clear plan of action and can hit the ground running if your project is approved can help convince those in charge that you have a clear need and are ready to act now.

## HOW TO BUILD YOUR BUSINESS CASE

To leverage stimulus funding for your permitting and licensing solution, you need to persuasively advocate the need for your project to the necessary stakeholders in your department and at your government, such as elected officials, building department staff, and community and economic development personnel. Because so many other departments or agencies are looking to leverage the Fiscal Recovery Funds, you need to develop a strong business case that clearly communicates.



### The problem you need to solve

What are the problems and inefficiencies with your current permitting and licensing approval workflow? Are there information silos, where different departments involved in the approval process aren't effectively collaborating? Do applicants still need to fill out paperwork by hand? Are you dependent on

developers, IT, or a vendor to make updates or changes that impact turnaround times? Can your staff access their system from home or on a mobile device? As you explain the problems you're experiencing, be sure to have concrete numbers to establish this need, such as the average length of time it takes your government to approve a permit or license. If there are customer complaints you receive, highlight those as well.

### The recommended solution

Explain how a permitting and licensing software solution will drive permits to issuance faster. For example, you can highlight how the software will centralize information to make cross-departmental collaboration easier. Moreover, a user-friendly interface simplifies the application process for constituents, which increases the likelihood their paperwork will be approved. And a digital solution allows for greater data management, which can increase information-sharing across departments and increase the speed of approvals. These improvements are especially critical given that the American Rescue Plan provides funds for investments in both infrastructure and affordable housing. Without a new system in place to expedite these approvals, your government will risk delaying when projects can start.

### The Return on Investment (ROI)

Include a summary that explains the costs of your permitting and licensing software and its benefits, including any expected ROI. How much do you anticipate your permitting and licensing solution saving your government in the long run? A smartly implemented permitting and licensing solution can pay for itself by improving operations, enhancing citizen service satisfaction with online self-service, saving staff time spent on administration that they can then allocate to more important tasks, and generating additional revenue through collecting taxes and fees quicker. Get an estimate of your department's return on a Clariti solution investment by inputting your department's metrics into this [ROI Calculator](#).



## How your solution fits into the grant's eligible expenses

If you're planning to leverage the Fiscal Recovery Funds to modernize your permitting and licensing operations, there are two key eligible use cases to consider:

- Supporting a public health response to the pandemic: "to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts"
- Replacing lost public sector revenue (which can broadly be spent on government services): "for the provision of government services to the extent of the reduction in revenue of such State, territory, or Tribal government due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the State, territory, or Tribal government prior to the emergency"

Moving your permitting processes online will help address the pandemic's negative economic impacts in multiple ways. It allows your government to more quickly collect taxes and fees, such as property taxes, and permit and license fees. But beyond collecting these fees, faster permit approvals can also stimulate the economy by speeding up construction and ensuring that critical development projects move forward without issue. These faster permit approval times also attract investors, developers, and businesses by making it easier and less expensive to get approved for a project or new business venture. Removing any approval roadblocks is crucial for helping the economy recover from the pandemic.

The Fiscal Recovery Funds also allow governments to calculate how much revenue they lost because of the pandemic and then spend up to that amount to fund a variety of government services. If your department or agency didn't have the technology infrastructure in place to easily continue your permitting and licensing activities while employees worked remotely, then using these funds to modernize your services can be a key way to justify your use of these funds.



## 10 STEPS FOR MAXIMIZING STIMULUS FUNDING

1. Clearly explain how your software solution will drive an ROI. Some examples include a reduction in turnaround time, reduction in staff workload to generate permits, and an increase in property taxes and revenue generated from your department.
2. Similarly, your project's objectives should determine what technology you acquire. Don't try to shoehorn in unrelated technology that doesn't fit with your project.
3. Use local and regional statistics to illustrate why you need pandemic response funding. Examples could include economic impacts, new problems with the building permit process, or new issues created by shifting to a remote workforce.
4. Involve your vendor as you gather budget quotes to ensure you are including all necessary expenditures. Be sure to account for any project expenses that are eligible for funding during the project period.
5. Read through the U.S. Treasury's documentation on the Coronavirus State and Local Fiscal Recovery Funds. At a minimum, you should view the program page, fact sheet, and quick reference guide. Also, be sure to reference the FAQs. You can find these documents [here](#).
6. Include "SMART" goals for your project: Specific, Measurable, Achievable, Results-focused, and Time-bound. Consider how your permitting and licensing software solution ties into each of these project goals.
7. Provide a detailed budget justification. Explain how each individual line item will help you accomplish the goals of the project. Illustrate how your software solution fits into the broader project.
8. Do not include any materials beyond what the funders are requesting. You want to help those reviewing your proposal to understand your project as easily as possible.
9. Get feedback from your vendor or consultant. They will generally have experience with working on proposals like this and can provide support on how best to craft them. They can help review for content, identify any confusing jargon, fix spelling and grammar mistakes, and provide suggestions to clarify wording.
10. Follow the directions. The people reviewing your proposal may disregard it if you fail to follow directions!

Clariti is experienced in supporting government officials as they build a business case and access funding for their permitting and licensing technology. [Contact a Clariti representative today to learn more.](#)