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Portland housing developer: Permits delay work by 4 years

Joseph Gallivan August 31 2021

The slow-moving permit process is a drag on development in close-in Portland, according to the developer of luxury townhomes in near Forest Park



COURTESY PHOTO: NOEL JOHNSON - Workers lay the foundation at developer Noel Johnson's cross-laminated timber Wilson Forest Park Townhomes in Northwest Portland. Johnson said the permitting has taken three and a half years, for a building that takes just eight months to erect.

(<https://pamplinmedia.com/images/artimg/00003712218917-0021.jpg>)

Developer Noel Johnson has been trying to build the Wilson Forest Park Townhomes for nearly four years. That's when he made a move for the property, a half-block between Forest Park and the Northwest Industrial Zone, forming an LLC and bringing in four accredited investors. They raised money from First Republic Bank when banks were shying away from making loans on new homes for sale in Portland. He then started work on a design that would bring 19th century-style, east-coast brownstones to Portland.

Architect Joe McNeill's design is for 14 townhomes or "rowhomes," ranging from four bedrooms at 2,100 square feet to five bedrooms at 3,400 square feet. They have stoops, generous decks and EV-friendly double garages connected by a back alley. They would be condos if they weren't spaced four-and-a-half inches apart to avoid the legal complications of homeowner associations. Johnson believes owners want control over their homes, and if they're going to add another floor, as brownstone residents did over the 20th century, then let them.



PMG PHOTO: JONATHAN VILLAGOMEZ - A garage space at the Wilson Forest Park Townhomes in Northwest Portland, with a large deck above it. The cross-laminated timber townhomes are deliberately kept four and a half inches apart (at the yellow fireproofing film) so that they can't be considered condominiums.

(<https://pamplinmedia.com/images/artimg/00003712219355-0021.jpg>)

Forest for the trees

Yet as you look north standing on the cross-laminated timber skeleton of one of the homes on Northwest Wilson Street between Northwest 29th and 30th avenues, you can see the source of some of Johnson's frustration: Saplings. He also has plans to build apartments on the lot to the north, which for now is just a staging area. However, the small street

trees that the Portland Bureau of Transportation insisted be planted before any work could be done on the townhomes will be trashed by trucks and eventually replaced. He was surprised they had to go through that process in that sequence and how long it took.

"We started in 2018, and we didn't get our permit to build until June of 2021," said Johnson on a site tour in mid-August. "So we had three and a half years of city permitting from the initial entitlements through permit approval to the public works, and the private site development and then the actual plat review." (Plat review is the parceling out of land anew.)



PMG PHOTO: JONATHAN VILLAGOMEZ - Developer Noel Johnson has been frustrated by how long Portland city bureaus take to issue permits. He went back and forth eight times with the Portland Bureau of transportation about streetscape design, including new trees which will be removed again for construction.

(<https://pamplinmedia.com/images/artimg/00003712219599-0021.jpg>)The longest wait was for PBOT: 23 months.

He said he had no argument with the transportation bureau. "That's just the pace that PBOT moves at."

Johnson estimates that permits and other city fees will be 9% of the cost for this project. (See graphic) Home permits and Service Development Fees (which pay for new infrastructure) will make up 81% of that 9%.

It's nothing new that PBOT requires the streetscape around new buildings to be up to modern standards. You see the curb cuts, stormwater swales and braced saplings throughout the city. They're usually the last thing to be unveiled when the security fences come down around a new apartment building or office block. But he found the process tedious.

"You submit it, and you wait forever, and then they tell you to make some changes. And because the engineering's tricky, like a slope is coming this way, and the concrete needs to go that way, they make some changes, and then you make the changes and resubmit it, and then you wait for a long time. And then they tell you to change it back to the original way. We literally had eight review sessions over the course of 23 months."

The developers couldn't do anything else while waiting because they had to get the streetscape permitted before getting the plat recorded.



PMG PHOTO: JONATHAN VILLAGOMEZ - Some of the Wilson Forest Park Townhomes in Northwest Portland that have yet to reach full height. Forest Park is in the background..

(<https://pamplinmedia.com/images/artimg/00003712219487-0021.jpg>)

Bureau stacking

Part of the problem is that the seven city bureaus (Development Services, Environmental Services, Fire & Rescue, Housing, Transportation, Urban Forestry, and Water) that builders have to go through are siloed, meaning they don't easily talk to each other. Commissioner Dan Ryan runs the Permitting Improvement Task Force and has pledged to

speed up the permitting process for residential and commercial buildings, reducing it from 98 days and 107 days, respectively, but even that is slow going.

The delay is also financial: Typically, a city would trust the developer if they posted a bond saying they would buy and develop the land. But posting a private bond became expensive after the real estate crash of 2009.

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"So now, you just build what you've permitted, and only then will they let you record the plat, and only then can you start building your homes. So in this case, it'll be three and a half years of permitting plus about 10 months of construction."



PMG PHOTO: JONATHAN VILLAGOMEZ - The Wilson Forest Park Townhomes Northwest with a view north over the industrial zone. The seven figure homes are in the next cool mixed-industrial according to developer Noel Johnson.

(<https://pamplinmedia.com/images/artimg/00003712219736-0021.jpg>)

Goat

He's young, but this isn't Johnson's first rodeo: He also developed the Goat Blocks, which turned a two-acre field patch of dirt at Southeast 11th Avenue and Belmont Street into a mixed-use yuppie campus.

He rates the bureaus differently. PBOT is the slowest. The Water Bureau is the fastest:

"Water is super competent. They get their stuff done. They're very expensive, but at least you get it."

He points down to street level, and the blue spray paint markings on the street showing where clean water pipes will branch off to each house, and marvels at how accurate the workers are.

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What about BES, the Bureau of Environmental Services, who deal with dirty water and sewers?

"They are medium," Johnson says.



PMG PHOTO: JONATHAN VILLAGOMEZ - The Wilson Forest Park Townhomes Northwest use cross-laminated timber panels as flooring, and can be added to as a family grows like an east coast rowhome.

(<https://pamplinmedia.com/images/artimg/00003712219846-0021.jpg>)

Nike

The homes look southwest over the point where the residential West Hills meet Forest Park, which has no homes.

There's a glimpse of the cars going along the Thurman Street overpass above Mcleay Park. Johnson says these cross-laminated timber homes will benefit from a microclimate: In the evening, cool air descends from the little valley in which Balch Creek sits, lowering summer temperatures by 5 to 10 degrees Fahrenheit. (After that, Balch Creek goes into a 7-foot wide tunnel built 100 years ago. It runs two feet below the surface of 30th Avenue and continues beneath all the factories to an outlet in the Willamette River.)

This is an old neighborhood, where small family homes are mixed in with old apartment complexes and remodeled seven-figure homes.

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Each townhome comes with a separate basement apartment, like an attached ADU, which can be rented out separately. He expects a 600-square-foot apartment to rent out for \$1,400 a month, which would make owning one of the townhomes as affordable as renting a two-bedroom apartment. Nor surprisingly, the great white whale of west side realty is targeted: The "Nike executive." A Nike executive could keep the ADU and rent out the big house while posted abroad, or run in Forest Park every day, or have the whole team over for an offsite on the giant patio. The homes, which have different configurations, are expected to be priced at \$1.4 to \$1.8 million.

Johnson says that because the city makes it too hard to build here compared to the suburbs is contributing to Portland's housing shortage.

"And the banks know if it takes you 23 months to just do one permit, that's a lot of risk and uncertainty. And they just don't want to be involved. They know people want to live here. They just don't want to land into a project when you have as dysfunctional of a city apparatus as we have today."

Can Portland permitting be speeded up?

Roseann Johnson, who works in government affairs for the Homebuilders Association of America, on the east side of Portland, says that places such as Happy Valley move quickly in permitting, thanks to the Substantial Completion Bill.

"One of the biggest things Happy Valley does compared to some other jurisdictions is they allow for temporary addressing or early address in their geographic information systems," said Johnson.

Temporary addressing means permits can be submitted before the land plat is finalized.

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"The actual house structure review can be passed around to all the departments that review building permits, while the rest of the final public improvement infrastructure is being finalized. It's a very careful balancing act that they have figured out." She said it can save six weeks to four months in the timelines for permanent review.

"If you think about all the carrying costs associated with holding land for additional four months, that's tens if not hundreds of thousands of dollars that can be saved over the lifespan of multiple subdivisions, by being able to submit those permits for review earlier in the process."

Bend and Wilsonville are both even faster than Happy Valley at permitting. "I just had a meeting with Oregon City this morning," said Johnson, "They're probably maybe a couple months following in the footsteps of Happy Valley. Happy Valley is quite a bit ahead, but not quite as far as the city of Bend."



PMG PHOTO: JONATHAN VILLAGOMEZ - Developer Noel Johnson's cross-laminated timber Wilson Forest Park Townhomes Northwest Wilson Street between Northwest 29th and 30th Avenues. Johnson said coordinating permits between bureaus responsible for water, sewer and roads has been slow going. One will move a swale a few feet and the other will say it's not possible, months later.

(<https://pamplinmedia.com/images/artimg/00003712219164-0021.jpg>)

A bureau responds

Ken Ray, Public Information Officer for the City of Portland Bureau of Development Services

(<https://www.portland.gov/bds>), responded for Commissioner Ryan's office:

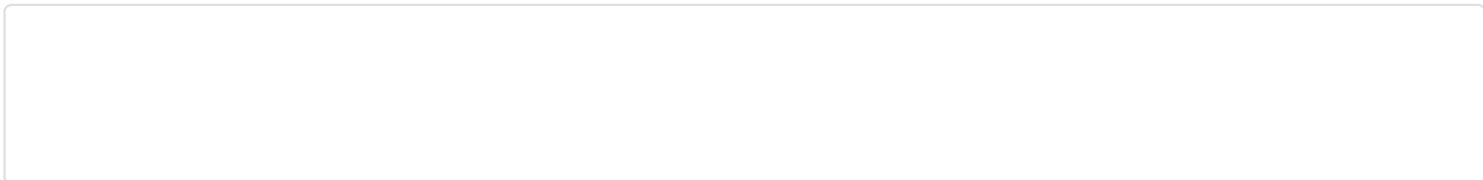
"We understand concerns about the timeliness of the permitting process. Most of the permitting bureaus are engaged in the work of Permitting Improvement Task Force, appointed by Commissioner Dan Ryan, to reduce building permit times by one-third. Recently, Terri Theisen was hired as the Permit Improvement Strategy Manager. She will support the Permit Improvement Task Force in its work to improve the delivery of efficient and streamlined development and review services for multiple stakeholders."The next meeting of the task force is on Sept. 3.

According to Dylan Rivera spokesman for the Portland Bureau of Transportation, "The recent extreme heat waves reminded Portlanders about the importance of street trees in providing a safe community, yet some developers continue to complain about their obligations to create a healthy and safe streetscape. Generations of Portland developers have met their obligations to build sidewalks and plant street trees, even in some more hilly, challenging areas of the city. The pandemic has impacted city permit revenue and staffing, and we appreciate the development community's patience as some of our permits may take longer than they used to."



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