

MONTGOMERY COUNTY RESIDENTIAL DEVELOPMENT PIPELINE ANALYSIS PROJECT UPDATE



The Planning Board will receive a briefing on the results and analysis thus far of the Residential Pipeline Analysis Project (“Pipeline Analysis”). The project aims to share insights into the impediments keeping housing developments from moving beyond the Planning Board’s approvals and ensure future policymaking accelerates delivery through the Development Pipeline to on-the-ground construction.

	Bhavna Sivasubramanian, Planner II, Design, Placemaking & Policy Division bhavna.sivasubramanian@montgomeryplanning.org , 301-495-4537
	Caila Prendergast, Planner III, Design, Placemaking & Policy Division caila.prendergast@montgomeryplanning.org , 301-495-4542
	Alex Pemberton, Planner III, Research & Strategic Projects Division alex.pemberton@montgomeryplanning.org , 301-495-4534
	Lisa Govoni, Policy Supervisor, Design, Placemaking & Policy Division lisa.govoni@montgomeryplanning.org , 301-650-5624
	Chris McGovern, IS/GIS Supervisor, Research & Strategic Projects Division christopher.mcGovern@montgomeryplanning.org , 301-650-5634
	Atul Sharma, Chief, Design, Placemaking & Policy Division atul.sharma@montgomeryplanning.org , 301-495-4658
	Bridget Broullire, Deputy Director of Administration, Director's Office bridget.broullire@montgomeryplanning.org , 301-495-4507

INFORMATION

Lead Planner

Lisa Govoni

Staff Contact

lisa.govoni@montgomeryplanning.org
301-650-5624

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Planning Division

Design, Placemaking & Policy Division

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ANALYSIS & KEY FINDINGS SUMMARY

Montgomery Planning conducted the first phase of a Development Pipeline Analysis to better understand why many approved housing projects remain unbuilt and how the county can improve both housing delivery and the way the Pipeline is presented to the public. This first phase of Montgomery County's analysis reviewed 88 projects accounting for 99% of unbuilt units in the Pipeline and included a developer survey (47 responses) and 14 follow-up interviews to capture barriers and market conditions, input from regulatory planners, and a review of peer jurisdiction practices. Planning Staff also tested refinements to how projects are categorized and presented. These early findings highlight both the barriers that stall development and the limits of the current Pipeline as a predictor of housing production.

- Most peer jurisdictions in the region publicly share such development statistics and report similar volumes of housing units pending construction and delivery. A large volume of units awaiting delivery certainly signals headwinds for development projects but also highlights the overall interest in building projects in a given jurisdiction.
- Developers reported compounding barriers to delivering housing: high interest rates, rising construction costs, county policies (such as rent stabilization), lengthy regulatory and permitting processes, and infrastructure requirements.
- The Pipeline in its current format is often misunderstood and misrepresented. While it is widely cited as a measure of future housing supply, it factually reflects projects with early-stage Planning Board approvals, not guaranteed or imminent construction. Preliminary approvals occur early in the development cycle, which explains why many projects linger in the pipeline for years, even if they are making progress behind the scenes.
- Draft estimates (not yet finalized) show a smaller share of projects is truly "Permit Ready." Of the roughly 29,500 units in the "Overall Entitlement Pipeline," only about 14,700 are beyond initial entitlement stages and positioned to begin the permitting process. These numbers will be refined in the next month after full quality control, but even at this stage, they underscore the limits of using the Pipeline as a proxy for near-term housing production.
- Many projects hold approvals for more units than they realistically intend to build, meaning unit counts in the Pipeline often overstate what will be delivered. Preliminary Plans test for the maximum densities achievable on a site, but may never be fully realized, which is why some units are never constructed.
- Improvements are underway for an online data visualization dashboard. As a direct result of this initial analysis, Planning Staff is revising the Pipeline dashboard to distinguish between the Overall Entitlement Pipeline and Permit Ready Projects and to provide clearer definitions, context, and visualizations. This will help reduce misinterpretation and provide decision-makers and the public with a more accurate understanding of where projects stand.
- Based on survey and interview findings, Planning Staff has developed several policy concepts that focus on recommendations that address concerns heard at the local level. These include improving communication around the Pipeline, streamlining regulatory processes, creating financing mechanisms, recognizing external market conditions, and implementing policy changes.

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DEVELOPMENT PIPELINE OVERVIEW

[Montgomery Planning's Development Pipeline](#) is an inventory of projects that have received certain Planning Board approvals but have not yet been built. It provides a snapshot of potential future growth, but it is not a real-time tracker of development activity. The Pipeline was originally created as a tracking tool to provide long-range planners with a high-level understanding of potential development activity across various parts of the county. Currently, the Pipeline data are updated on the Planning Department's website once every four months.

Projects enter the Pipeline early in their overall development lifecycle. The projects tracked include Preliminary Plans, which initially propose development, and Site Plans that do not have a parent Preliminary Plan to represent the project; these are known as standalone Site Plans. Various precursors to the approval of a Preliminary Plan or a standalone Site Plan are not a part of Pipeline tracking, such as Sketch Plans, Natural Resource Inventory approvals, and Forest Conservation Plans.

For the projects tracked in the Pipeline, residential dwelling units are further categorized into single-family dwellings (detached homes and townhouses) and multi-family dwellings (two-over-twos and apartments). Approved commercial gross floor area is further categorized as office, retail, industrial, or institutional. These approved spaces are also listed by the number of jobs expected to be associated with those approvals.

While the Pipeline tracks both commercial and residential developments, this Pipeline Analysis focuses solely on residential units, including mixed-use developments with a residential component, to identify barriers to converting approved projects into built housing units. Planning Staff focused their analysis on 88 projects in the Pipeline with 10 or more unbuilt units, which represent 99% of the unbuilt units in the Pipeline.

Because the Montgomery County Planning Board can only approve projects, not build them, many approved projects remain in the Pipeline for years without movement, only leaving the Pipeline when their approvals expire (though extensions are often granted) or when they're built. Projects often contend with barriers such as market conditions, property ownership challenges, regulatory delays, policy barriers, or infrastructure limitations. This report represents the first phase of a broader effort to better understand the Pipeline—not just as a number, but as a dynamic tool that can shed light on both the opportunities and obstacles shaping housing delivery in the county.

PROJECT PURPOSE

The Planning Department is conducting the Pipeline Analysis, a qualitative and quantitative exercise to better understand the Pipeline and related obstacles to housing production. The project aims to gain a deeper understanding of what hinders specific approved projects from becoming a reality and to inform policymaking to address the most pressing issues. Clearly understanding what's delaying these developments is critical to developing a more realistic view of what the Pipeline data truly indicate and how the development cycle can be accelerated between the Planning Board's initial approval of a development application and the project's final delivery.

The construction of residential units in the Pipeline could be an important strategy to increase housing supply, but the opportunity varies by project stage. While all projects in the Pipeline are fully entitled, only a portion are permit ready and positioned to move more quickly towards delivery. Advancing projects in the Pipeline, therefore, represents a significant opportunity to meet the [county's goal of adding 31,000 housing units this decade.](#)

At the same time, advancing projects in the Pipeline will not alone alleviate the county's housing crisis, and the county cannot rely solely on the Pipeline to meet its housing goals. Many of these units may never be built, and the county must continue its robust "more of everything" approach to housing, recommended in *Thrive Montgomery 2050*, based on on-the-ground realities. Clarity of messaging around the utility and the extent to which we can rely on the Pipeline for new housing is also equally important.

This report represents the initial phase of analysis, which relied on outreach to developers, internal conversations, and high-level data review to better understand the Pipeline as a tool and to identify initial barriers preventing projects from advancing. Continued analysis will provide a deeper dive into the dynamic nature of the Pipeline, recognizing that the topline count of approved projects is only part of the story. Many projects are not yet close to Site Plan, and the current numbers still need further refinement to capture two distinct realities: the total Pipeline inventory, referred to as the "Overall Entitlement Pipeline," and the subset of projects that are realistically positioned to deliver housing in the short term, referred to as "Permit Ready Projects," throughout this report.

In summary, this project aims to achieve two central goals:

- To clarify the purpose and realistic impact of the numbers reported through the Pipeline and enhance how we document, visualize, and report its data.
- To better understand why many residential projects remain stalled and to identify strategies that could advance these projects and support housing delivery in general.

Findings from this work will inform policy discussions, guide engagement with the development community, and support ongoing enhancements to the Pipeline's public interface.

CURRENT PIPELINE TRACKING PROCESS

Projects are added to the Development Pipeline dataset once a Preliminary Plan is approved by the Planning Board. While an early step in the overall development cycle, Preliminary Plans are used as the entry point because they establish buildable parcels, which are required before a building permit can be issued, and they represent the first binding approval of subdivision and overall density. In rare cases where the parcel alignment is already established and a Preliminary Plan is not necessary, projects enter the Pipeline through a standalone Site Plan approval instead.

Each Pipeline entry includes data from the Preliminary Plan: date of Planning Board approval, total approved units (broken down by multifamily and single-family), Adequate Public Facilities (APF) expiration and validity dates, plan number, and master plan area. For projects with commercial components, the Pipeline also tracks approved gross floor area by type—office, retail, industrial, and other space.

The Pipeline is updated three times per year by Planning Staff to incorporate newly approved projects. Planning Staff work with the Forest Conservation Inspectors to track construction progress on site visits as part of their enforcement responsibilities. Inspectors report the number of units completed after each inspection, and updated numbers are included in the next iteration of the Pipeline data release.

Projects are removed from the Pipeline when they are fully complete or when their APF approval or overall validity expires. APF approvals—required to ensure that adequate schools, transportation, and other public facilities are in place to support development—are valid for a set period but can be extended directly by the Planning Board or County Council under certain conditions. For example, the County Council approved blanket APF extensions for projects in the county to help the real estate sector's recovery from the Great Recession. APF expiration can also be extended by an approval of a development amendment to the original approval.

When a project is amended, its Pipeline entry is updated to reflect the most current approval, including revised APF dates, unit counts, or square footage. Earlier approvals are replaced, so the Pipeline always represents the latest status of a project. Since the Pipeline reflects approvals rather than guaranteed construction, this analysis seeks to better understand how those approved projects can be nudged to the finish line to deliver actual housing.

APPROACH AND METHODOLOGY

This initial phase of the analysis emphasized not only data refinement and contextualization but also rethinking how the Pipeline information is structured, interpreted, and communicated. The goal was to move beyond a simple count of approved units and capture the nuance of how projects progress, or stall, after approval. To do this, staff drew on multiple sources and perspectives:

- **Developer survey:** Distributed to 88 projects with 10 or more unbuilt units (representing 99% of the Pipeline total), designed with the Communications team and administered via SurveyMonkey. The survey captured both closed-ended responses on project stage and barriers, and open-ended feedback on challenges and market conditions. Participation was encouraged through reminder emails and direct outreach, resulting in responses from just over half of eligible projects.
- **Follow-up interviews:** Conducted with a subset of survey respondents to clarify responses and explore barriers in more detail. These interviews provided critical context for understanding financial, regulatory, and market conditions affecting development decisions.
- **Internal regulatory planners:** For projects that did not respond, feedback from regulatory staff helped fill gaps and confirm project status, based on their direct experience reviewing applications and maintaining communication with developers.
- **Pipeline data collection practices:** Staff also coordinated with colleagues responsible for data entry, inspection reports, and ongoing quality control of the Pipeline dataset. These conversations highlighted where lag, gaps, or inconsistencies occur, and how tracking processes shape what the public sees in the published dataset.
- **Peer jurisdiction analysis:** Eleven jurisdictions were studied, including Arlington County, Prince George's County, Washington, D.C., the City of Alexandria, Fairfax County, the City of Frederick, San Francisco, Portland, Honolulu, Toronto, and Mississauga. Staff reviewed how each defines a development pipeline, what terminology and categories they use, how often they update their data, and what visualization tools they provide to the public. Follow-up meetings with three of these jurisdictions provided additional detail on data management and lessons learned.

Together, these efforts revealed that the Pipeline is more complex than current reporting suggests. By layering survey and interview feedback, internal staff expertise, and external comparisons onto the baseline dataset, Planning Staff identified ways to better represent stages of development, distinguish between active and stalled projects, and communicate more transparently about the Pipeline's limitations. These insights directly informed updates to the draft Pipeline dashboard, which now incorporates clearer project stage definitions and improved visualization to reflect the realities of project delivery.

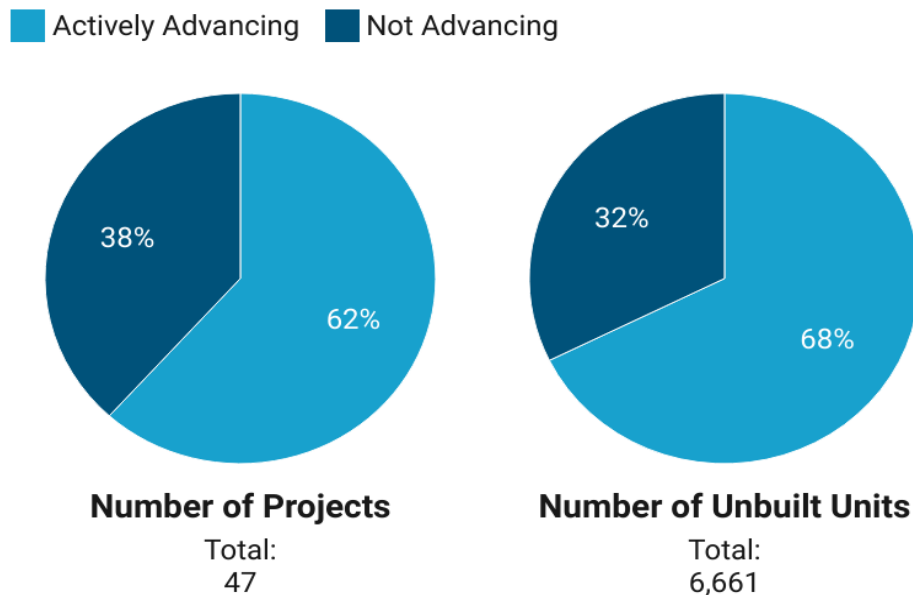
RESULTS

TAKEAWAYS FROM QUESTIONNAIRE

Forty-seven responses were received to the Pipeline Questionnaire. As such, respondents represent 55% of projects and 27% of unbuilt units in the Pipeline. Of these respondents, 29 projects (approximately 68%) are actively advancing, representing 4,510 unbuilt units, while 18 projects (approximately 32%) are not advancing, representing 2,151 unbuilt units.

Status of Multifamily Pipeline Projects

based on forty-seven (47) questionnaire responses



Totals represent the number of projects/unbuilt units associated with questionnaire respondents, not the total number of projects/unbuilt units studied or in the Pipeline.

Created with Datawrapper

Figure 1: Status of Multifamily Pipeline Projects

The questionnaire responses indicated that while a majority of projects are actively advancing, many are doing so cautiously, and only a plurality of all respondents (37.5%) is committing all necessary resources to advance the project. Nearly one-third of respondents' projects are inactive or receiving only minimal resources. The most frequently cited impediments to project completion were financial infeasibility, construction cost increases, and local policy constraints—particularly rent stabilization. A few respondents are pursuing amendments to existing entitlements.

Among actively advancing projects, most are far along in the development process, with several in the construction document phase or under active construction. Of the 18 projects identified as active, 11 (61%) are categorized as “Full Speed Ahead,” indicating full resource commitment.

There is no clear pattern in the “stall-out” stages, with responses evenly distributed across design development, permitting, and entitlement phases.

Among 42 responses to when construction is anticipated to start:

- **Construction is underway for 14 projects**
- **10 projects** reported an **unknown start date**
- **Six projects** anticipate starting **within one year**
- **Six projects** anticipate starting in **one to three years**
- **Three projects** expect to begin in **more than three years**
- **Three projects** indicated construction **will never occur**

Respondents most frequently requested support from:

- Montgomery Planning (13 mentions)
- Department of Permitting Services (DPS) (eight mentions)
- DHCA, WSSC, and MCDOT (five to six mentions each)

Requests focused on:

- Expedited review timelines
- Improved interagency coordination
- Financial support for infrastructure and affordable housing

Only seven of the 47 respondents are currently in the process of filing for amendments to the approved/mapped allowances.

TAKEAWAYS FROM INTERVIEWS

Fourteen interviews were conducted with project developers and/or stakeholders to gather deeper insights into questionnaire responses.

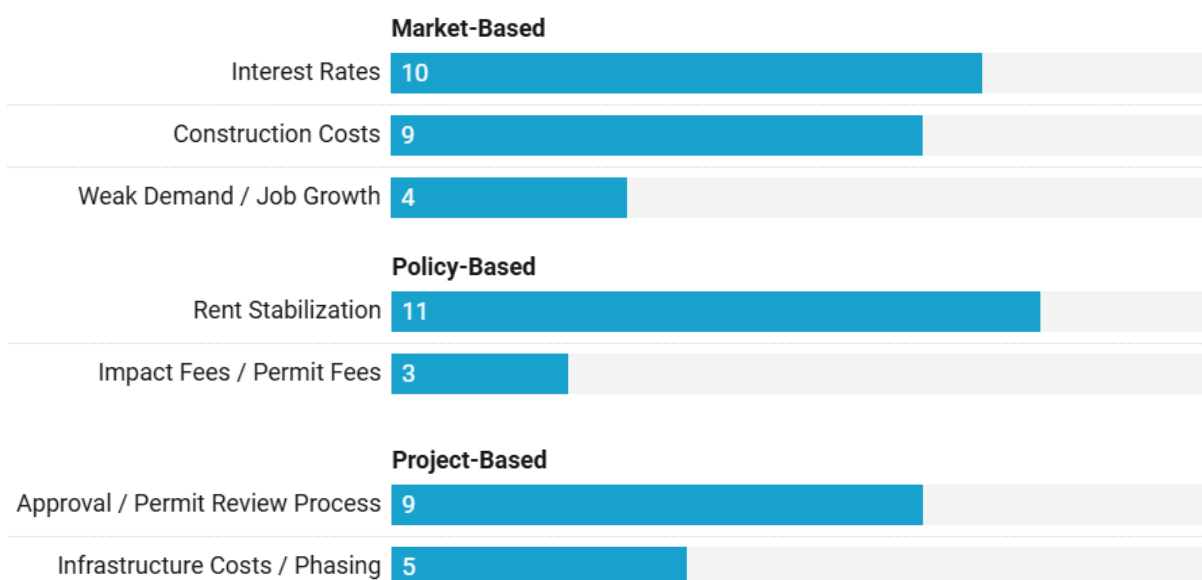
Several interviewees expressed that it is common for projects to be approved for more units than they intend to build or can physically build. Given that Preliminary Plan approvals are among the earliest stages of a project and occur before detailed design, the approved units represent a maximum number. Within that envelope, issues related to site design, building design, final unit mix, and other programmatic decisions often result in fewer units built than approved, even for projects that proceed to successful completion. While this natural attrition in unit count likely represents a small percentage of unbuilt units for individual projects, the total number in aggregate could be significant.

Most unbuilt units in the Pipeline, however, are associated with projects that have stalled or faced delays. Impediments to project completion fall into three categories: Market-Based, Policy-Based, and

Project-Based. Often, a stalled project faces multiple impediments that have a compounding effect, making it hard for the project to progress.

Impediments to Multifamily Pipeline Project Completion

based on fourteen (14) interviews with representatives of Pipeline projects



Totals represent the number of interviewees citing each impediment as a barrier to completion of their project(s).

Figure 2: Impediments to Multifamily Pipeline Project Completion

Market-Based Impediments

The most consistent feedback from interviews is that market conditions for new multifamily construction are as challenging as any in recent years. Interest rate and construction cost increases, tepid demand, unfavorable debt/equity terms, and rising operating costs have conspired to impose widespread financing gaps. Most interviewees with stalled projects cited financial feasibility as the chief impediment, while most interviewees with advancing projects expressed doubts that they would be able to finance and complete the project under current market conditions.

Interest Rates: Cited in 10 interviews

- Rapid rise in interest rates increases the cost of capital, reduces property values and yield spreads due to capitalization rate expansion, and disadvantages real estate relative to less risky investment alternatives.

Construction Costs: Cited in nine interviews

- While most interviewees noted that construction cost increases have leveled off over the past ~24 months, the rapid surge in materials and labor pricing from 2020-2023 has not reversed.

- Concrete construction (typically >7 stories) is viewed as particularly challenging in the current market and cost environment.

Weak Demand/Job Growth: Cited in four interviews

- Interviewees noted a lack of job growth in Montgomery County relative to competitive regional jurisdictions, especially Northern Virginia; expectations for tepid economic growth are reflected in higher capitalization rates and lower yield spreads in Montgomery County vs. Northern Virginia. When few new, well-paying jobs are added to a local jurisdiction annually, it lowers the anticipated population growth and demand for new housing, thereby slowing the delivery of residential projects.
- While interviewees believe there is demand for rental housing in Montgomery County, the cost structure of new development has restricted demand to the high end of the market.

Policy-Based Impediments

Interviewees cited several local policies as barriers to project completion. By far the most common policy barrier mentioned was the rent stabilization regulation passed in 2023, which became effective on July 23, 2024. While many projects with unbuilt units in the Pipeline predate the regulation, interviewees cite a broader chilling effect on construction financing. Additionally, financing is typically closed after all approvals are complete, so some projects that entered the Pipeline prior to the regulation may now be impacted. While several other local policies—including the cost and timing of impact fees and permit fees—were mentioned by interviewees as impediments, none received the near-unanimous attention given to the rent stabilization regulation.

Rent Stabilization: Cited in 11 interviews

- **Lack of exemptions for new construction**, which respondents stated results in negative impacts on potential exit values as purchasers “price in” the future applicability of the policy.
- **Vacancy control**, a provision which limits the ability for landlords to increase rents on a unit upon tenant turnover. Respondents noted vacancy control is “atypical nationally” and imposes “a different level of control” by shifting from a tenant-based protection to a unit- or property-level restriction.
- **Political risk and perception**, which most respondents cited as the key challenge of the policy. While views are mixed about the direct financial impact of the policy on multifamily rental operations, respondents overwhelmingly cited “headline effects” and a countywide “redlining” by capital allocators due to perceptions of a hostile climate for investment and the potential for additional negative policies during the life of their investment.

Impact Fees / Permit Fees: Cited in three interviews

- Interviewees consistently noted that Montgomery County’s fee schedules are among the highest, if not the highest, in the region.
- No clear consensus emerged on the severity of impediment or policy solutions; most respondents view fees as part of the “cost of doing business” and focused on procedural aspects (such as the timing of payment) rather than overall levels.

Project-Based Impediments

Real estate development is a challenging and risky endeavor. Many projects face unexpected impediments to completion that are unique to the project; these are categorized as project-based impediments. While some project-based impediments, such as approval/permit review processes, can be improved by local government agencies, others (such as the phasing of infrastructure delivery) reflect the inherent complexity of development. A strong majority of interviewees encountered delays during approval/permit review processes or expressed frustration that the length of these processes increases the risk that a project will encounter other risks to completion prior to full approval.

Approval/Permit Review Processes: Cited in nine interviews

- **Department of Permitting Services:** project sponsors cited slow permit issuance and review processes, with multiple projects reporting 6 to 12-month delays; conflicting interpretations of code and a lack of detailed comments earlier in the permit review process.
- **Montgomery Planning:** project sponsors consistently described Site Plan/sketch plan approval processes as the longest in the region at 12 to 18 months; while Planning Staff were praised for collaboration and professionalism, sponsors noted a lack of coordination with other agencies, introduction of new comments late in the process, and a lack of clear expectations for features not explicitly outlined in the code.

Infrastructure Costs/Phasing: Cited in five interviews

- The cost and/or complexity of infrastructure delivery was frequently cited as a factor in stalled projects.
- Some projects run into unexpected infrastructure burdens; stormwater management requirements were cited by multiple interviewees as unusually onerous in the county.
- Other projects are stalled due to the delayed delivery of planned County capital improvement projects or the interaction of market forces rendering certain project components infeasible, while the remainder of the project cannot support the full cost of infrastructure.

PEER JURISDICTION FINDINGS

Montgomery County is not unique in having approved but unbuilt units in its Development Pipeline. Numerous other jurisdictions track and report on this potential development and have created resources to keep residents, developers, and policymakers informed on residential and commercial growth. While there are slight variations in how jurisdictions calculate their Pipeline, the table below presents a best guess comparison of units in the Pipeline using a similar definition as Montgomery County. As seen by the data, other jurisdictions have a comparable, and oftentimes larger, number of approved but unbuilt units in their Pipeline. While the jurisdictions vary in size and population, Montgomery County has 2.78 unbuilt units per 100 residents compared with 7.63 units in Frederick and 6.21 units in Arlington County.

Name of Jurisdiction	Number of Approved and Unbuilt Units	Date of Data
Montgomery County, MD	29,500*	January 2025
City of Frederick, MD	6,835	August 2025
Arlington County, VA	14,823	June 2025
Fairfax County, VA	28,572	December 2019
Washington, D.C.	40,269	December 2024
Prince George's County, MD	48,542	August 2024
Mississauga, Canada	58,068	June 2023
San Francisco, CA	71,183	July 2025
Toronto, Canada	307,056	December 2024

* This number represents the Overall Pipeline of projects that have established adequate public facility requirements from any of their planning approvals. This number is an estimation as additional quality checks are underway.

TERMINOLOGY

In researching other jurisdictions' development tracking databases, it's apparent that there is no standardized terminology or definition for what constitutes a "Pipeline." While some jurisdictions, such as Prince George's County and the City of Frederick, use the term "Development Pipeline," Washington, D.C., and Arlington County manage their development through a "Development Tracker" or "Development Reports." Unlike Montgomery County's Pipeline, which only removes projects once they are built, many of these other databases follow a project through its entire lifecycle, from initial approvals through completion. Given each jurisdiction's unique development review process, project status is indicated at varying stages.

Most jurisdictions' development databases include both residential and non-residential projects. The trackers that only have residential data are largely focused on affordable housing and are generally managed by the Housing Departments in these jurisdictions.

DATA AND TRACKING

Many jurisdiction websites do not provide clear information on their data collection methodology; therefore, it was challenging to determine how and with what cadence development data are gathered and updated. Conversations with San Francisco and Arlington County planners highlighted the use of permit data as their primary source, but they also cited the need to rigorously quality check the permit data to ensure accuracy before publishing. Prince George's County, on the other hand, uses online tools such as high-definition aerial imagery, county GIS layers, SDAT, CoStar, and Census data to track buildouts. There was also variation in how often jurisdictions update and publish their data, mostly ranging from quarterly to every six months to annually.

COMMUNICATIONS AND VISUALIZATION

Most jurisdictions have an interactive dashboard to communicate information about their development activity to the public, which allows residents, developers, and policymakers to engage directly with the data. The ESRI platform is commonly used, with products including ArcGIS dashboards, ArcGIS StoryMaps, and ArcGIS web maps. Another frequently used software is PowerBI, which specializes in interactive dashboard visualization. The raw data are often available on an Open Data Portal to download as an Excel spreadsheet or PDF.

In addition to dashboards, some jurisdictions publish regular reports, ranging from one-page infographic summaries to detailed annual reports. For example, Arlington County produces annual development highlights, quarterly development tracking reports, and major corridors development summaries to present the same data to distinct audiences.

While the jurisdiction websites and dashboards provide an introductory overview of the data, many lack in-depth FAQs or further context on how to interpret the data. Given the technical nature of the development review process, some databases included accompanying data dictionaries and metadata as an additional resource.

RETHINKING THE PIPELINE: DASHBOARD AND DATA INSIGHTS

Based on survey results, interviews, peer jurisdiction findings, and internal staff discussions, Planning Staff identified opportunities to improve how the Pipeline is defined and communicated. An important part of the Pipeline conversation is clearly explaining what the Pipeline is and what it is not. Planning Staff have identified key opportunities to clarify the Pipeline's structure and improve transparency around project readiness. This means distinguishing between two types of projects:

- **Overall Entitlement Pipeline:** All projects with established adequate public facility requirements from any of their planning approvals. These entitlements allow projects to move forward when the developer chooses, but additional approvals (such as Site Plans) are often required.
- **Permit Ready Projects:** A subset of projects that have all necessary approvals from the Planning Board and are ready to start the permitting process. For phased projects, this includes only the approved phases that have Site Plan approvals. This subset also includes cases where the parcel alignment is already established, and no Preliminary Plan was therefore required (known as standalone Site Plans). It also consists of approved quantities for administrative subdivisions and other projects that do not require a Site Plan.

This refined categorization helps address the recurring challenge that while the headline number of the Overall Entitlement Pipeline is often cited, it does not reflect how many are truly close to construction. Initial estimates suggest that while there are roughly 29,500 unbuilt units in the Overall Entitlement Pipeline, only about 14,700 of these are currently Permit Ready. These figures are early and have not undergone the full quality control typically applied to published data. The updated dashboard incorporating these refinements is still internal, but once finalized will provide a more nuanced, transparent view of project progress through the Pipeline.

These draft data also point to several broad themes, which will be supplemented and finalized in further analysis, once fully verified data are available. High-level themes, however, show that:

- Project timelines span many years. Most projects receive multiple amendments and extensions, meaning the “age” of a project often extends far beyond its most recent approval.
- Build-out rates vary by product type. Single-family developments tend to advance more steadily in phases, while multifamily projects often remain entirely unbuilt until full delivery.
- Scale matters. Large projects dominate the Pipeline, and they are more complex, slower to deliver, and more likely to face compounding barriers. Smaller projects make less impact on totals but tend to move more quickly once approvals are in place.
- Geography is uneven. Some areas, like Bethesda/Chevy Chase, show heavy concentrations of approvals but limited construction activity, while others, like Clarksburg or Gaithersburg Vicinity, demonstrate higher follow-through to construction.

These findings underscore why the Pipeline should be treated as a snapshot of entitlements and not a real-time predictor of housing delivery. The updated dashboard, still in draft development, will offer a more nuanced and transparent view of project progression through the Pipeline. It will also help stakeholders better understand the dynamics that influence housing delivery across the county.

POLICY CONCEPTS

The Pipeline team is currently developing policy recommendations that address the recurring themes identified through the data collection exercise, survey, and interviews. Respondents mentioned impediments at the national and regional level, including high interest rates, increasing construction costs, and uncertainty about the job market, especially at the federal level. However, Planning Staff’s policy concepts will focus on recommendations that address issues at the county level, given that local policymakers can do little to influence national or region-wide trends.

The policy concepts outlined below aim to address the compounding impediments hindering housing production in the county. There’s not one reason why projects are not moving forward, and some projects will potentially require multiple interventions to be able to make the project feasible.

These are some of the policy concepts the project team is exploring, and we look forward to engaging the Planning Board in a discussion about the potential strategies that should be further pursued to accelerate the speed at which projects go from their initial approval to final construction:

Clearly communicate the purpose of the Pipeline and improve ways to document and visualize the projects:

- 1. Examine the Pipeline on a recurring basis:** Planning Staff notes that while the Pipeline Analysis exercise was a resource-intensive endeavor, its results, especially from the interviews, have proved fruitful and have helped Planning Staff better understand the development conditions of the county. Replicating this effort on a recurring basis can help with data maintenance, provide valuable market and policy insights, and ultimately help increase housing production.

2. **Streamline the process of obtaining and updating the Pipeline data:** Montgomery County currently relies on field observations for construction updates, but other methods should be considered. This includes coordination with the Department of Permitting Services (DPS) for building permit data, check-ins with the Planning Department's regulatory planners, and aerial imagery to verify buildouts.
3. **Publish findings more frequently in user-friendly formats:** Create one-pagers and an interactive dashboard on the Pipeline or add additional information to the Quarterly Economic Indicators about the Pipeline. Relatedly, there could be exploration on providing data on the dashboard on a more real-time basis. This will help frame the utility of the Pipeline while also sharing relevant information about the Pipeline with the public.
4. **Provide a more accurate and fuller picture of a project's lifecycle:** There should be consideration for tracking a more nuanced project status, i.e., including when a project is under construction, etc. Such an approach would provide a more realistic view of which projects will actually be built.

Comprehensively streamline all steps of the regulatory process, from the Planning Board's initial approval to the final Use and Occupancy permit:

5. **Planning Department's Regulatory Review:** Respondents noted the generally long and complex regulatory process as a deterrent to new development, which also adds cost and time to a project and contributes to a project's infeasibility. While Montgomery Planning has worked at the state and county level to make the regulatory process more efficient and streamlined, Planning Staff could continue to look at its own internal process and external coordination to help projects move through the process faster.
6. **Shorter Validity Periods:** Consider approving Preliminary and Site Plans with shorter validity periods to motivate new projects to build more quickly. Validity periods include the recording of a record plat, which would need more evaluation. Such an approach should be coupled with meaningful zoning and financial incentives that reward rapid construction and delivery.
7. **Expedited Review:** While there are several existing expedited reviews in the county (i.e., Mixed-Income Housing Communities, BioHealth Priority Campuses, Signature Business Headquarters, and Commercial to Residential Reconstruction), the Planning Board may want to consider modifications to the qualifications criteria (for example, broadening the applicability of Mixed-Income Housing Communities to include 4% LIHTC projects, and projects smaller than 150,000 sf) so that more projects qualify and can benefit from an expedited review. Increasing the number of future projects that benefit from expedited review will result in cost savings for those projects that make it easier for them to pencil and therefore advance from the Pipeline. Expedited reviews are staff-intensive for all agencies. Cost savings for the expedited timeline need to be weighed against the likely need for additional staff and resources.
8. **DPS Permitting:** Some respondents noted that permit delays are common. The Department of Permitting Services should continue to evaluate the causes of delays and find ways to accelerate the permitting process.
9. **Development Approvals Specialist:** Create a Planning Staff position with a primary job function to track projects in the Pipeline after Planning Board's approvals and work with

developers and implementation agencies to ensure they advance to construction in a timely manner.

Strategically help close the financing gap for large scale projects that would deliver housing from the Pipeline where it is most needed in the county:

- 10. Impact Taxes:** The comparatively high impact taxes were noted as a deterrent to development in the county. The County Council is currently convening an Infrastructure Funding Workgroup to holistically look at how the county funds infrastructure. In coordination with the Workgroup and its efforts, the county should identify ways to reduce the financial burden that the high impact taxes impose, especially for Pipeline projects that could deliver large amounts of approved housing in transit-served locations.
- 11. Financial Incentives:** In recent years, the county has approved the use of financial incentives like Payment in Lieu of Taxes (PILOTs) to help certain projects advance. There may be broader uses of financial incentives, like PILOTs and Tax Increment Financing (TIFs). These could be used in the county for certain large, multi-phase projects with huge infrastructure needs to help provide financial incentives that enable initial phases to pencil.

Recognize broader market conditions and incentivize projects that create long term jobs in addition to housing:

- 12. Job Growth:** While there is noted concern about the federal employment landscape from the interviewees, many interviewees also expressed concern about Montgomery County's weak job growth, especially compared to Northern Virginia. When few new, well-paying jobs are added to a local jurisdiction annually, it lowers the anticipated population growth and demand for new housing, thereby slowing the delivery of residential projects. The county should therefore pursue programs to spur job growth in the county. For example, additional and smaller projects that include high-paying job creating uses could be incentivized through density bonuses, expedited reviews, and reduced payments similar to the Signature Business Headquarters review process.

Recalibrate the rent stabilization regulations to help advance projects out of the Pipeline:

- 13. Rent stabilization:** Rent stabilization was identified as a major obstacle, if not the biggest one, by survey respondents and interviewees. While many Pipeline projects predate the rent stabilization law, the county might want to consider changes specific to projects within the Pipeline to make development in Montgomery County more attractive, such as adding a specific date instead of a rolling date for the new construction exemption.

NEXT STEPS

Planning Staff hopes to work through many of the policy concepts with the Planning Board during the September 18 work session on the Pipeline Analysis, and with the Planning, Housing, and Parks Committee on September 22.

Then, the Planning Staff will work through the month of October to implement feedback from the Planning Board and PHP Committee, refine its analysis and recommendations, and present the final recommendations to the Planning Board and PHP Committee in late October.

The Planning Staff is also working on a new Development Pipeline Dashboard that will be more user-friendly and better contextualize project status and details. Planning Staff will demo the new dashboard at the September 18 Planning Board work session.