

DATE: February 10, 2026

BILL NO.: House Bill 85

TITLE: Corporations and Associations - Cooperative Limited Equity Housing Corporations - Establishment

COMMITTEE: House Economic Matters Committee

Letter of Support

Description of Bill:

House Bill 85 allows Maryland nonstock corporations to convert to a Cooperative Limited Equity Housing Corporation after acquiring ownership of a residential rental facility, if the nonstock corporation has been set up for that purpose. The legislation specifies the process the corporation would have to undertake, including the process for submitting to SDAT for approval. The legislation authorizes Maryland DHCD to adopt regulations to carry out the legislation and to ensure the effective functioning of Cooperative Limited Equity Housing Corporations in the state (CLEHC).

Background and Analysis:

Housing advocates have claimed that current Maryland laws related to cooperatives are antiquated and have seldom if ever been utilized because they are too prohibitive. In response, HB 85 creates a statutory framework for how CLEHCs are to be formed in the state and opens the door to regulations that will keep them in the public interest.

CLEHCs are one among a number of alternative ownership models gaining popularity in recent years. Given the current context of high interest rates and climbing home prices, alternative homeownership models represent important new pathways for wealth creation, especially for lower-income households who are often priced out of homeownership opportunities.

DHCD is committed to finding new ways to open up affordable homeownership for more Marylanders, and with the inclusion of CLEHCs as an option for buyers, we can continue chipping away at the housing crisis in our state.

DHCD Position:

The Department of Housing and Community Development respectfully requests a **favorable** report on House Bill 85.