



## **SB 927 - SUPPORT**

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## **Corporations and Associations - Limited Equity Housing Cooperatives - Establishment**

Judicial Proceedings Committee  
February 25th, 2025

Dear Chair Smith, Vice Chair Waldstreicher, and Members of the Judicial Proceedings Committee:

As a representative of Mi Casa, Inc, I am here to testify in support of SB 927. Mi Casa, Inc is a 501c(3) Nonprofit that has been working since 1992 to provide permanent affordable housing opportunities for low-income populations.

- We secure funding to develop affordable rental units, single-family homes, and Limited Equity Cooperatives.
- We invest in preserving and renovating buildings to provide high-quality, deeply affordable rental and Limited Equity Cooperative homes to reduce the shortage of housing that is affordable and available for extremely low income residents.
- We leverage laws such as the DC Tenant Opportunity to Purchase Act to avoid displacement and increase affordable housing opportunities for generations to come.

Since 2002, our Tenant Purchase Program has been working to develop limited equity cooperatives (LECs) to preserve long-term, deeply affordable, member-controlled housing and prevent displacement. Our Tenant Purchase Training & Technical Assistance program provides tenants support as they navigate the process of forming a tenant association and converting to cooperative-owned housing through development consulting, community partnerships, and ongoing trainings through our knowledge sharing-network of resident leaders.

Limited Equity Cooperatives are fundamentally different ownership structures that are legally distinct from market-rate cooperatives, condominiums, and rental ownership structures. They can uniquely solve for both anti-displacement and permanent affordable housing for low-income populations to collectively own and manage the building that they live in - when regulations make this pathway viable.

I can provide additional resources for these differences to be further understood, but in this limited time I wish to highlight the importance of establishing a legal pathway for limited equity

cooperatives that is distinct from other ownership structures whenever the following conditions are established:

- A tenant association of predominant LMI households that affirmatively votes to acquire their building as a limited equity cooperative, where all LMI households have the opportunity to become a member of the cooperative at an initial share price not to exceed the equivalent of one-month's rent. These provisions guarantee that:
  - All households, regardless of income, have the opportunity to become a homeowner as part of the cooperative.
- The Limited Equity Cooperative is committed to maintain affordable membership sales and ongoing housing costs in a legally-binding agreement that mandates a pre-established minimum commitment to fill any vacant units in accordance with affordable housing statutes for LMI households.
  - The cooperative is committed to continue to provide affordable homeownership opportunities to future generations of residents.

The first provision's intent is to maintain affordability and prevent displacement. We at Mi Casa can testify to the importance of these outcomes for maintaining community fabric.

The second provision is to guarantee that the homeownership structure will continue to be accessible for future generations of residents. We at Mi Casa can testify to the impotence of these protections for guaranteeing that this affordable homeownership structure will continue to be available for new residents if there is any occupancy turnover.

Mi Casa, Inc is working with the Leeland in Takoma Park, Maryland, to establish their limited equity cooperative with these outcomes and supporting provisions in agreement. The current provisions for conversions to market-rate cooperatives and condominium associations are prohibitively expensive or otherwise irrelevant to the basic ownership structure of a limited equity cooperative.

We greatly appreciate this bill's intent to establish a clear legal pathway so that this tool for affordable homeownership can more clearly and effectively move forward, and ultimately to serve the residents of Maryland with affordability for generations to come.

We urge a favorable report on SB 927.