GROUNDED SOLUTIONS NETWORK
strong communities from the ground up

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TESTIMONY SENATE BILL 511
Senate Judicial Proceedings Committee
February 12, 2026
Position: FAVORABLE

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

Grounded Solutions Network is the nation's leading nonprofit on housing with lasting affordability, including limited equity cooperatives (LEHCs), inclusionary housing, community land trusts, and other shared equity housing models. We are a nonprofit organization committed to the creation and preservation of homes with lasting affordability and are motivated by opening avenues to homeownership for those who have been systematically shut out in the past.

Maryland is facing an existential housing crisis, putting our economic future at risk. The state's homeownership rate continues to head downward. LEHCs are one tool to ensure Marylanders have access to one more avenue to homeownership and avoid economic uncertainty. Making it easier for residents to convert their building into an LEHC reduces displacement, while providing opportunities for low-income residents to take ownership and manage their property.

SB 511 - Corporations and Associations – Cooperative Limited Equity Housing Corporations – Establishment. This bill makes the current Maryland statute workable for low- and moderate-income households without the financial wherewithal or technical expertise to meet the complex Maryland Coop Act requirements.

The Maryland Coop Act fails to address circumstances when residents who have purchased their apartment complex wish to organize a state-recognized low-income limited-equity cooperative to keep the property affordable. Current law imposes burdensome requirements on those hoping to organize LEHCs. Many cooperative organizations simply do not have the resources to navigate the existing processes.

A Limited Equity Housing Cooperative (LEHC) is designed to be affordable to people with low and moderate incomes and is a vehicle through which households buy membership shares, elect a board, and set monthly charges. Resale prices are capped by formula, so homes stay affordable over time. Members build modest equity and secure long-term housing certainty.

In limited equity cooperatives, residents agree to securing less equity at resale in exchange for ownership and housing stability. This model secures homeownership for future buyers priced out of Maryland's housing market.

This model provides several benefits, including:

- Greater resident control and input in decision making
- Avenues for affordable homeownership
- Housing stability
- Stronger communities with secure future homeownership opportunities

Current law is designed for for-profit, market-rate housing developers, not tenant-owned cooperatives. SB 511 creates a clear, simple path for residents to pursue conversion, while requiring transparent budgets and maintenance reserves to ensure future success through collective democratic governance.

We urge your favorable report for SB 511.

Submitted by Doug Ryan, Vice President, Housing Policy, Grounded Solutions Network, and Maryland resident.