



# Montgomery County

## Office of Intergovernmental Relations

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**SB 511**

**DATE: February 12, 2026**

**SPONSOR: Senator Smith**

**ASSIGNED TO: Judicial Proceedings**

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**POSITION: FAVORABLE (Department of Housing and Community Affairs)**

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### **Corporations and Associations - Cooperative Limited Equity Housing Corporations – Establishment**

Senate Bill 511 authorizes a Maryland nonstock corporation to convert to a cooperative limited equity housing corporation after acquiring a residential rental facility. The bill creates procedures for the establishment of a cooperative limited equity housing corporation, including voting processes, household income limits, and the rights and privileges of the corporation and its members. At least 75% of the members shall be in a low-income household and the rest moderate-income.

These types of cooperatives have a long history of success in the District of Columbia and provide lower-income households stable housing conditions and expenses. Unlike standard rental housing, residents of a cooperative limited equity housing corporation purchase a share of the property. Traditional condominium conversions and purchases require residents to have financial and credit capacity to qualify for substantial mortgage amounts and to afford significant down payments. But unlike condos or market-rate cooperatives, a limited equity housing corporation remains affordable to low- or moderate-income households through limits on prices and equity gains when an owner sells a unit. This approach has the potential to expand homeownership opportunities in the State, which has become increasingly out of reach for many households. Median home prices have outpaced income growth over the past few years. In Montgomery County, only around 40 percent of households make enough income to afford a median-priced home in the County, compared to about 60 percent in 2000. Due to these changes, there is a need to increase the supply of affordable homes for sale for various family types and sizes and across income levels.

Further, Senate Bill 511 has the ability to have positive equity impacts on Black and Latino households. Black and Latino households are disproportionately likely to be renters and less likely to have accumulated wealth to use toward a downpayment for homeownership. Given that homeownership is a critical tool for wealth-building, this lack of access to homeownership for communities of color can further exacerbate the wealth gap. Providing additional pathways to homeownership for renters, particularly in forms such as cooperative limited equity housing corporations that require lower initial investment, can therefore enable more families to become homeowners and close the disparity gap.

The Montgomery County Department of Housing and Community Affairs respectfully urges the committee to issue a favorable report on Senate Bill 511.