

SENATE BILL 927

C1, N1

5lr2139
CF 5lr2077

By: **Senator Smith**

Introduced and read first time: January 28, 2025

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Corporations and Associations – Limited Equity Housing Cooperatives –**
3 **Establishment**

4 FOR the purpose of authorizing a Maryland nonstock corporation to convert to a limited
5 equity housing cooperative and establishing certain procedures and requirements for
6 the conversion of a Maryland nonstock corporation to a limited housing cooperative;
7 requiring a limited equity housing corporation to provide certain notice to certain
8 households under certain circumstances; requiring a limited equity housing
9 cooperative to reimburse certain households for moving expenses; establishing the
10 allocation of votes in a limited equity housing cooperative; authorizing the
11 Department of Housing and Community Development to establish a program to
12 provide grants to Maryland nonstock corporations to promote the establishment of
13 limited equity housing cooperatives; prohibiting local governments from imposing
14 restrictions on limited equity housing cooperatives; establishing limitations on the
15 appreciation and sale of a cooperative interest; authorizing the Department of
16 Housing and Community Development to establish certain rights and requirements
17 for a limited equity cooperative and its members and to provide certain grants to
18 promote the establishment of limited equity cooperatives; exempting real property
19 owned by certain limited equity housing cooperatives from State property tax subject
20 to a certain limitation; authorizing the Mayor and City Council of Baltimore City or
21 the governing body of a county or municipal corporation to grant, by law, a certain
22 tax credit against the county or municipal corporation property tax imposed on real
23 property owned by a certain limited equity housing cooperative; and generally
24 relating to limited equity housing cooperatives and the conversion of Maryland
25 nonstock corporations.

26 BY repealing and reenacting, with amendments,
27 Article – Corporations and Associations
28 Section 5–207(a)
29 Annotated Code of Maryland
30 (2014 Replacement Volume and 2024 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



BY adding to

Article – Corporations and Associations

Section 5–6D–01 through 5–6D–10 to be under the new subtitle “Subtitle 6D.

Limited Equity Housing Cooperatives”

Annotated Code of Maryland

(2014 Replacement Volume and 2024 Supplement)

BY adding to

Article – Tax – Property

Section 7–308 and 9–275

Annotated Code of Maryland

(2019 Replacement Volume and 2024 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Corporations and Associations

5–207.

(a) (1) A nonstock corporation may consolidate or merge only with another
nonstock corporation.

(2) A Maryland nonstock corporation may convert only into [a]:

(I) A foreign corporation that does not have the authority to issue
stock; OR

(II) A LIMITED EQUITY HOUSING COOPERATIVE UNDER
SUBTITLE 6D OF THIS TITLE.

(3) A foreign corporation that does not have the authority to issue stock:

(i) May convert into a Maryland nonstock corporation; and

(ii) May not convert into [a]:

1. A Maryland corporation that has the authority to issue
stock; OR

2. A LIMITED EQUITY HOUSING COOPERATIVE UNDER
SUBTITLE 6D OF THIS TITLE.

SUBTITLE 6D. LIMITED EQUITY HOUSING COOPERATIVES.

1 **5-6D-01.**

2 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
3 INDICATED.

4 (B) "ARTICLES OF INCORPORATION" MEANS THE CHARTER BY WHICH A
5 LIMITED EQUITY HOUSING COOPERATIVE BECOMES INCORPORATED UNDER THIS
6 ARTICLE.

7 (C) "BYLAWS" MEANS THE DOCUMENT THAT DETAILS AND GOVERNS THE
8 INTERNAL ORGANIZATION AND OPERATION OF THE LIMITED EQUITY HOUSING
9 COOPERATIVE.

10 (D) "CONVERSION" MEANS THE TRANSITION OF A PROPERTY FROM A
11 RESIDENTIAL RENTAL FACILITY TO A PROPERTY OWNED BY A LIMITED EQUITY
12 HOUSING COOPERATIVE FOR USE BY MEMBERS OF THE LIMITED EQUITY HOUSING
13 COOPERATIVE.

14 (E) "COOPERATIVE INTEREST" MEANS THE OWNERSHIP INTEREST IN A
15 LIMITED EQUITY HOUSING COOPERATIVE THAT IS COUPLED WITH A POSSESSORY
16 INTEREST IN REAL OR PERSONAL PROPERTY OWNED BY THE LIMITED EQUITY
17 HOUSING COOPERATIVE AND EVIDENCED BY A MEMBERSHIP CERTIFICATE.

18 (F) "COOPERATIVE PROJECT" MEANS ALL THE REAL AND PERSONAL
19 PROPERTY IN THIS STATE THAT IS OWNED OR LEASED BY A LIMITED EQUITY
20 HOUSING COOPERATIVE FOR THE PRIMARY PURPOSE OF RESIDENTIAL USE.

21 (G) "DISABLED PERSON" MEANS A PERSON WITH A MEASURABLE
22 LIMITATION OF MOBILITY DUE TO CONGENITAL DEFECT, DISEASE, OR TRAUMA.

23 (H) "LIMITED EQUITY HOUSING COOPERATIVE" MEANS A MARYLAND
24 NONSTOCK CORPORATION QUALIFIED IN THIS STATE, HAVING ONLY ONE CLASS OF
25 MEMBERSHIP, IN WHICH EACH MEMBER, BY VIRTUE OF THE MEMBER'S
26 MEMBERSHIP, HAS A COOPERATIVE INTEREST IN THE CORPORATION.

27 (I) "LOW-INCOME HOUSEHOLD" MEANS A HOUSEHOLD WITH AN INCOME
28 THAT DOES NOT EXCEED 80% OF THE AREA MEDIAN INCOME FOR A HOUSEHOLD OF
29 THE SAME SIZE.

30 (J) "MEMBER" MEANS A PERSON WHO OWNS A COOPERATIVE INTEREST.

31 (K) "MEMBERSHIP CERTIFICATE" MEANS:

(1) A DOCUMENT ISSUED BY A LIMITED EQUITY HOUSING COOPERATIVE EVIDENCING OWNERSHIP OF A COOPERATIVE INTEREST; OR

(2) IF THERE IS NO DOCUMENT THAT SATISFIES ITEM (1) OF THIS SUBSECTION, A PROPRIETARY LEASE.

(L) "MOVING EXPENSES" MEANS COSTS INCURRED TO:

(1) HIRE CONTRACTORS, LABOR, TRUCKS, OR EQUIPMENT FOR THE TRANSPORTATION OF PERSONAL PROPERTY;

(2) PACK AND UNPACK PERSONAL PROPERTY;

(3) DISCONNECT AND INSTALL PERSONAL PROPERTY;

(4) INSURE PERSONAL PROPERTY TO BE MOVED; AND

(5) DISCONNECT AND RECONNECT UTILITIES SUCH AS TELEPHONE SERVICE, GAS, WATER, AND ELECTRICITY.

(M) (1) "PROPRIETARY LEASE" MEANS AN AGREEMENT WITH THE LIMITED EQUITY HOUSING COOPERATIVE UNDER WHICH A MEMBER HAS AN EXCLUSIVE POSSESSORY INTEREST IN A UNIT AND A POSSESSORY INTEREST IN COMMON WITH OTHER MEMBERS IN THAT PORTION OF A COOPERATIVE PROJECT NOT CONSTITUTING UNITS AND THAT CREATES A LEGAL RELATIONSHIP OF LANDLORD AND TENANT BETWEEN THE LIMITED EQUITY HOUSING COOPERATIVE AND THE MEMBER, RESPECTIVELY.

(2) "PROPRIETARY LEASE" INCLUDES, IF THERE IS NO OTHER DOCUMENT THAT SATISFIES PARAGRAPH (1) OF THIS SUBSECTION, A MEMBERSHIP CERTIFICATE.

(N) "RESIDENTIAL RENTAL FACILITY" MEANS PROPERTY CONTAINING AT LEAST FIVE DWELLING UNITS LEASED FOR RESIDENTIAL PURPOSES.

(O) "SENIOR CITIZEN" MEANS A PERSON WHO IS AT LEAST 62 YEARS OLD.

(P) "UNIT" MEANS A PORTION OF THE COOPERATIVE PROJECT LEASED FOR EXCLUSIVE OCCUPANCY BY A MEMBER UNDER A PROPRIETARY LEASE.

5-6D-02.

1 A MARYLAND NONSTOCK CORPORATION MAY BE ORGANIZED FOR THE
2 PURPOSE OF CONVERTING TO A LIMITED EQUITY HOUSING COOPERATIVE AFTER
3 ACQUIRING OWNERSHIP OF A RESIDENTIAL RENTAL FACILITY.

4 **5-6D-03.**

5 (A) ON ACQUIRING A RESIDENTIAL RENTAL FACILITY, A MARYLAND
6 NONSTOCK CORPORATION MAY ADOPT A RESOLUTION TO APPLY FOR CONVERSION
7 TO A LIMITED EQUITY HOUSING COOPERATIVE.

8 (B) THE RESOLUTION TO APPLY FOR CONVERSION TO A LIMITED EQUITY
9 HOUSING COOPERATIVE MAY BE APPROVED BY AN AFFIRMATIVE VOTE OF A
10 MAJORITY OF:

11 (1) THE BOARD OF DIRECTORS OF THE MARYLAND NONSTOCK
12 CORPORATION; OR

13 (2) THE TOTAL MEMBERS OF THE MARYLAND NONSTOCK
14 CORPORATION.

15 (C) NOTICE OF THE OUTCOME OF A VOTE ON A RESOLUTION UNDER THIS
16 SECTION SHALL BE PROVIDED TO EACH MEMBER OF THE MARYLAND NONSTOCK
17 CORPORATION.

18 (D) A VOTE UNDER THIS SECTION SHALL BE CONDUCTED IN ACCORDANCE
19 WITH THE GOVERNING DOCUMENTS OF THE MARYLAND NONSTOCK CORPORATION.

20 **5-6D-04.**

21 (A) FOLLOWING AN AFFIRMATIVE VOTE TO APPLY FOR CONVERSION TO A
22 LIMITED EQUITY HOUSING COOPERATIVE, A MARYLAND NONSTOCK CORPORATION
23 SHALL PREPARE AND SUBMIT TO THE DEPARTMENT THE FOLLOWING DOCUMENTS
24 AND INFORMATION FOR THE ESTABLISHMENT OF A LIMITED EQUITY HOUSING
25 COOPERATIVE:

26 (1) ARTICLES OF INCORPORATION, INCLUDING:

27 (I) THE NAME AND LOCATION OF THE LIMITED EQUITY
28 HOUSING COOPERATIVE;

29 (II) A STATEMENT OF THE PURPOSES OF THE LIMITED EQUITY
30 HOUSING COOPERATIVE; AND

(III) THE NAME AND ADDRESS OF THE MEMBERS OF THE
MARYLAND NONSTOCK CORPORATION;

(2) A DISCLOSURE STATEMENT, INCLUDING:

(I) THE DATE ON WHICH THE AFFIRMATIVE VOTE TO APPLY
FOR CONVERSION TO A LIMITED EQUITY HOUSING CORPORATION TOOK PLACE;

(II) A STATEMENT OF THE FORM OF OWNERSHIP OF ALL REAL
AND PERSONAL PROPERTY THAT IS INTENDED TO BE OWNED OR LEASED BY THE
LIMITED EQUITY HOUSING COOPERATIVE;

(III) A STATEMENT OF THE PROJECTED COMPLETION DATES
FOR ANY PROPOSED IMPROVEMENTS;

(IV) A STATEMENT OF THE PROJECTED DATE OF FORMATION
FOR THE LIMITED EQUITY HOUSING COOPERATIVE;

(V) A DESCRIPTION OF THE VOTING AND OTHER RIGHTS IN THE
LIMITED EQUITY HOUSING COOPERATIVE;

(VI) A STATEMENT OF ANY FEES REQUIRED BY THE LIMITED
EQUITY HOUSING COOPERATIVE IN CONNECTION WITH THE TRANSFER OF
MEMBERSHIP OR ISSUANCE OF A PROPRIETARY LEASE;

(VII) A STATEMENT OF THE KNOWN OR ANTICIPATED COMMON
CHARGES THAT MAY BE IMPOSED ON MEMBERS;

(VIII) A STATEMENT OF THE OWNERSHIP INTEREST ASSOCIATED
WITH EACH UNIT AND THE UNDERLYING DEBT RESPONSIBILITY ASSOCIATED WITH
EACH UNIT ON A PRO RATA BASIS, IF APPLICABLE;

(IX) A STATEMENT AS TO WHETHER THE LIMITED EQUITY
HOUSING COOPERATIVE HAS OR WILL OBTAIN INSURANCE COVERAGE FOR
CASUALTY, PROPERTY DAMAGE, AND PUBLIC LIABILITY AND IN WHAT AMOUNTS;

(X) A STATEMENT OF ALL WARRANTIES AND DISCLAIMERS
MADE DURING THE PURCHASE OF THE RESIDENTIAL RENTAL FACILITY BY THE
MARYLAND NONSTOCK CORPORATION; AND

(XI) COPIES OF THE PROPOSED OR FINAL:

1 1. **CONTRACT OF SALE FOR THE RESIDENTIAL RENTAL**
2 **FACILITY THAT IS THE SUBJECT OF THE REAL PROPERTY OF THE LIMITED EQUITY**
3 **HOUSING COOPERATIVE;**

4 2. **MEMBERSHIP CERTIFICATE;**

5 3. **PROPRIETARY LEASE;**

6 4. **RULES, IF ANY;**

7 5. **LEASE, OTHER THAN THE PROPRIETARY LEASE, TO A**
8 **THIRD PARTY OF REAL OR PERSONAL PROPERTY TO WHICH THE LIMITED EQUITY**
9 **HOUSING COOPERATIVE IS A PARTY; AND**

10 6. **IF APPLICABLE, NOTICE TO AFFECTED HOUSEHOLDS**
11 **THAT MAY BE REQUIRED UNDER § 5-6D-06 OF THIS SUBTITLE;**

12 (3) **AN ANNUAL OPERATING BUDGET, INCLUDING INSURANCE,**
13 **MAINTENANCE, RESERVES, AND GENERAL EXPENSES;**

14 (4) **BYLAWS;**

15 (5) **A SHARE AGREEMENT; AND**

16 (6) **ANY OTHER DOCUMENTS OR INFORMATION REQUIRED BY THE**
17 **DEPARTMENT.**

18 (b) **STATEMENTS REQUIRED UNDER THIS SECTION MAY BE SUMMARIZED OR**
19 **PRODUCED IN A COLLECTION OF DOCUMENTS THAT EFFECTIVELY CONVEYS THE**
20 **REQUIRED INFORMATION.**

21 (c) (1) **(i) A MARYLAND NONSTOCK CORPORATION SHALL FILE THE**
22 **DISCLOSURE STATEMENT REQUIRED UNDER SUBSECTION (A)(2) OF THIS SECTION**
23 **WITH THE DEPARTMENT NOT LATER THAN 90 DAYS AFTER AN AFFIRMATIVE VOTE**
24 **UNDER § 5-6D-03 THIS SUBTITLE.**

25 (ii) **THE DEPARTMENT MAY GRANT AN EXTENSION OF THE**
26 **DEADLINE ESTABLISHED IN SUBPARAGRAPH (i) OF THIS PARAGRAPH IF THE**
27 **MARYLAND NONSTOCK CORPORATION DEMONSTRATES A GOOD FAITH EFFORT TO**
28 **PREPARE THE DOCUMENTS.**

29 (2) **(i) A MARYLAND NONSTOCK CORPORATION MAY SUBMIT A**
30 **REQUEST TO THE DEPARTMENT FOR A FULL OR PARTIAL WAIVER OF THE**

1 REQUIREMENT OF A DISCLOSURE STATEMENT UNDER PARAGRAPH (1) OF THIS
2 SUBSECTION.

3 (II) THE DEPARTMENT MAY GRANT A FULL OR PARTIAL WAIVER
4 OF ONE OR MORE OF THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION
5 IF THE MARYLAND NONSTOCK CORPORATION MAKES GOOD FAITH EFFORTS TO
6 SATISFY THE REQUIREMENTS.

7 (D) WITHIN 30 DAYS AFTER RECEIPT OF DOCUMENTS AND INFORMATION
8 PROVIDED BY A MARYLAND NONSTOCK CORPORATION IN ACCORDANCE WITH THIS
9 SECTION, THE DEPARTMENT SHALL:

10 (1) CONDITIONALLY ACCEPT THE DOCUMENTS FOR RECORD
11 SUBJECT TO AN AFFIRMATIVE VOTE BY THE MARYLAND NONSTOCK CORPORATION
12 TO CONVERT TO A LIMITED EQUITY HOUSING COOPERATIVE; OR

13 (2) IF THE DOCUMENTS AND INFORMATION DO NOT MEET THE
14 REQUIREMENTS OF THIS SECTION AND ANY ADDITIONAL REQUIREMENTS
15 ESTABLISHED BY THE DEPARTMENT, DENY THE DOCUMENTS FOR RECORD AND
16 NOTIFY THE MARYLAND NONSTOCK CORPORATION OF THE BASIS FOR THE DENIAL.

17 5-6D-05.

18 (A) (1) IF THE DEPARTMENT CONDITIONALLY ACCEPTS A SUBMISSION
19 UNDER § 5-6D-04 OF THIS SUBTITLE, THE MARYLAND NONSTOCK CORPORATION
20 SHALL:

21 (I) PROMPTLY NOTIFY EACH MEMBER OF THE ACCEPTANCE BY
22 THE DEPARTMENT; AND

23 (II) HOLD A VOTE TO CONVERT TO A LIMITED EQUITY HOUSING
24 COOPERATIVE NOT LATER THAN 30 DAYS AFTER PROVIDING NOTICE.

25 (2) NOTICE UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL:

26 (I) INFORM THE MEMBERS THAT AN ELECTION TO CONVERT
27 THE MARYLAND NONSTOCK CORPORATION TO A LIMITED EQUITY HOUSING
28 COOPERATIVE WILL BE HELD NOT LATER THAN 30 DAYS AFTER DELIVERY OF THE
29 NOTICE; AND

30 (II) INCLUDE A COPY OF THE DOCUMENTS CONDITIONALLY
31 ACCEPTED BY THE DEPARTMENT.

1 **(B) (1) A VOTE TO CONVERT FROM A MARYLAND NONSTOCK**
2 **CORPORATION TO A LIMITED EQUITY HOUSING COOPERATIVE SHALL REQUIRE AN**
3 **AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE TOTAL MEMBERS.**

4 **(2) A VOTE UNDER THIS SUBSECTION SHALL BE CONDUCTED IN**
5 **ACCORDANCE WITH THE GOVERNING DOCUMENTS OF THE MARYLAND NONSTOCK**
6 **CORPORATION.**

7 **(C) (1) IF AT LEAST TWO-THIRDS OF THE TOTAL MEMBERS OF THE**
8 **MARYLAND NONSTOCK CORPORATION VOTE TO CONVERT TO A LIMITED EQUITY**
9 **HOUSING COOPERATIVE, THE MARYLAND NONSTOCK CORPORATION SHALL:**

10 **(I) NOTIFY THE DEPARTMENT; AND**

11 **(II) BE CONVERTED TO AND RECOGNIZED BY THE DEPARTMENT**
12 **AS A LIMITED EQUITY HOUSING COOPERATIVE.**

13 **(2) IF A VOTE TO CONVERT TO A LIMITED EQUITY HOUSING**
14 **COOPERATIVE UNDER SUBSECTION (B) OF THIS SECTION FAILS, THE MARYLAND**
15 **NONSTOCK CORPORATION MAY NOT ATTEMPT TO CONVERT TO A LIMITED EQUITY**
16 **HOUSING COOPERATIVE FOR AT LEAST 12 MONTHS AFTER THE DATE OF THE FAILED**
17 **VOTE.**

18 **(D) ONCE A MARYLAND NONSTOCK CORPORATION IS CONVERTED TO A**
19 **LIMITED EQUITY HOUSING COOPERATIVE, VOTES SHALL BE ASSIGNED SO THAT**
20 **EACH UNIT HAS ONE VOTE.**

21 **5-6D-06.**

22 **(A) IF A MARYLAND NONSTOCK CORPORATION VOTES TO CONVERT TO A**
23 **LIMITED EQUITY HOUSING COOPERATIVE, THE LIMITED EQUITY HOUSING**
24 **COOPERATIVE SHALL PROVIDE WRITTEN NOTICE OF THE CONVERSION TO ANY**
25 **HOUSEHOLD THAT WILL BE REQUIRED TO VACATE A PORTION OF THE RESIDENTIAL**
26 **RENTAL FACILITY USED AS A RESIDENCE BY THE HOUSEHOLD.**

27 **(B) EXCEPT AS PROVIDED IN SUBSECTIONS (C) AND (D) OF THIS SECTION, A**
28 **LIMITED EQUITY HOUSING COOPERATIVE MAY REQUIRE A HOUSEHOLD TO VACATE**
29 **NOT EARLIER THAN 90 DAYS AFTER RECEIPT OF NOTICE DESCRIBED UNDER**
30 **SUBSECTION (A) OF THIS SECTION.**

31 **(C) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A**
32 **HOUSEHOLD MAY NOT BE REQUIRED TO VACATE A UNIT EARLIER THAN 12 MONTHS**

FOLLOWING THE RECEIPT OF NOTICE TO VACATE UNDER SUBSECTION (A) OF THIS SECTION IF, ON THE DATE THAT THE NOTICE IS GIVEN:

(1) A MEMBER OF THE HOUSEHOLD IS A DISABLED PERSON OR A SENIOR CITIZEN WHO HAS BEEN A MEMBER OF THE HOUSEHOLD FOR AT LEAST 12 MONTHS IMMEDIATELY PRECEDING RECEIPT OF THE NOTICE TO VACATE; AND

(2) THE HOUSEHOLD:

(I) IS A LOW-INCOME HOUSEHOLD;

(II) NOTIFIES THE LIMITED EQUITY HOUSING COOPERATIVE OF THE INTENT TO REMAIN IN THE UNIT FOR A PERIOD OF MORE THAN 90 DAYS; AND

(III) SUBMITS THE NOTICE UNDER ITEM (II) OF THIS ITEM TO THE LIMITED EQUITY HOUSING COOPERATIVE WITHIN 30 DAYS AFTER RECEIVING THE NOTICE TO VACATE.

(D) A HOUSEHOLD MAY BE REQUIRED TO VACATE THE PREMISES BEFORE THE EXPIRATION OF ANY MINIMUM TIME PERIOD UNDER THIS SECTION IF THE HOUSEHOLD:

(1) BREACHES A COVENANT IN THE LEASE OCCURRING BEFORE OR AFTER THE NOTICE TO VACATE IS GIVEN; OR

(2) FAILS TO PAY RENT BEFORE OR AFTER THE NOTICE TO VACATE IS GIVEN.

(E) A LOW-INCOME HOUSEHOLD THAT IS REQUIRED TO VACATE A UNIT UNDER THIS SECTION SHALL RECEIVE REIMBURSEMENT FROM THE LIMITED EQUITY HOUSING COOPERATIVE FOR MOVING EXPENSES THAT:

(1) ARE ACTUALLY AND REASONABLY INCURRED; AND

(2) ARE AT LEAST \$375 BUT LESS THAN \$751.

5-6D-07.

(A) THE APPRECIATION AND RESALE OF A COOPERATIVE INTEREST MAY NOT EXCEED THE COST PAID BY THE MEMBER FOR THE INITIAL COOPERATIVE INTEREST, ADJUSTED FOR INFLATION PLUS THE COST OF IMPROVEMENTS TO THE COOPERATIVE INTEREST MADE BY THE MEMBER THAT WERE APPROVED BY THE LIMITED EQUITY HOUSING COOPERATIVE.

(B) A COOPERATIVE INTEREST MAY BE SOLD ONLY TO A LOW-INCOME HOUSEHOLD.

5-6D-08.

(A) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT MAY:

(1) TO THE EXTENT APPLICABLE TO AND NOT INCONSISTENT WITH THIS SUBTITLE, USING A STANDARDIZED METHODOLOGY, ESTABLISH ADDITIONAL RIGHTS AND REQUIREMENTS FOR A LIMITED EQUITY HOUSING COOPERATIVE AND ITS MEMBERS BASED ON AN INDIVIDUALIZED ASSESSMENT OF THE COOPERATIVE;

(2) BASE A DETERMINATION UNDER ITEM (1) OF THIS SUBSECTION ON THE RIGHTS AND REQUIREMENTS FOR COOPERATIVE HOUSING CORPORATIONS AND THEIR MEMBERS UNDER SUBTITLE 6B OF THIS TITLE; AND

(3) ESTABLISH A PROGRAM TO PROVIDE GRANTS TO MARYLAND NONSTOCK CORPORATIONS TO PROMOTE THE ESTABLISHMENT OF LIMITED EQUITY HOUSING COOPERATIVES.

(B) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

5-6D-09.

(A) A COUNTY OR MUNICIPALITY MAY NOT IMPOSE RESTRICTIONS ON A LIMITED EQUITY HOUSING COOPERATIVE.

(B) THE PROHIBITION IN SUBSECTION (A) OF THIS SECTION INCLUDES REQUIREMENTS THROUGH LOCAL LAW OR ORDINANCE THAT RESTRICT THE SALE OF RESIDENTIAL RENTAL FACILITIES TO A MARYLAND NONSTOCK CORPORATION THAT PLANS TO CONVERT TO A LIMITED EQUITY HOUSING COOPERATIVE.

5-6D-10.

THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE AND ENSURE THE EFFECTIVE FUNCTIONING OF LIMITED EQUITY HOUSING COOPERATIVES.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

1 **7-308.**

2 **(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, PROPERTY IS NOT**
3 **SUBJECT TO STATE PROPERTY TAX IF THE PROPERTY IS OWNED BY A LIMITED**
4 **EQUITY HOUSING COOPERATIVE THAT COMPLIES WITH THE REQUIREMENTS OF**
5 **TITLE 5, SUBTITLE 6D OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE.**

6 **(B) THE EXEMPTION UNDER SUBSECTION (A) OF THIS SECTION APPLIES**
7 **ONLY FOR THE FIRST 5 TAXABLE YEARS THAT THE LIMITED EQUITY HOUSING**
8 **COOPERATIVE OWNS THE PROPERTY.**

9 **9-275.**

10 **(A) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE**
11 **GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY GRANT, BY LAW,**
12 **A PROPERTY TAX CREDIT AGAINST THE COUNTY OR MUNICIPAL CORPORATION**
13 **PROPERTY TAX IMPOSED ON REAL PROPERTY OWNED BY A LIMITED EQUITY**
14 **HOUSING COOPERATIVE THAT COMPLIES WITH THE REQUIREMENTS OF TITLE 5,**
15 **SUBTITLE 6D OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE.**

16 **(B) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE**
17 **GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY PROVIDE, BY**
18 **LAW, FOR:**

19 **(1) THE AMOUNT AND DURATION OF THE TAX CREDIT UNDER THIS**
20 **SECTION;**

21 **(2) ADDITIONAL ELIGIBILITY CRITERIA FOR THE TAX CREDIT UNDER**
22 **THIS SECTION;**

23 **(3) REGULATIONS AND PROCEDURES FOR THE APPLICATION AND**
24 **UNIFORM PROCESSING OF REQUESTS FOR THE TAX CREDIT; AND**

25 **(4) ANY OTHER PROVISION NECESSARY TO CARRY OUT THE TAX**
26 **CREDIT UNDER THIS SECTION.**

27 **SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take**
28 **effect June 1, 2026, and shall be applicable to all taxable years beginning after June 30,**
29 **2026.**

30 **SECTION 4. AND BE IT FURTHER ENACTED, That except as provided in Section**
31 **3 of this Act, this Act shall take effect October 1, 2025.**