

HOUSING AND COMMUNITY DEVELOPMENT

Ardath M. Cade, *Assistant Secretary for Housing and Community Development*

2525 Riva Road
Annapolis 21401

Telephone: 269-2468

The office of the Assistant Secretary for Housing and Community Development oversees and coordinates the following four divisions in the Department of Economic and Community Development that provide housing finance and mortgage services, building code and energy utilization regulation, general community development support to local governments, and oversight of state historical and cultural agencies: Codes Administration; Community Development Administration; Division of Local and Regional Development; and Maryland Housing Fund.

COMMUNITY DEVELOPMENT ADMINISTRATION

Trudy McFall, *Director*

2525 Riva Road
Annapolis 21401

Telephone: 269-3161

The Community Development Administration (CDA), Maryland's housing finance agency, was created by Chapter 527, Acts of 1970, as part of the Department of Economic and Community Development. The legislation that created CDA resulted from a recognition of a Statewide shortage of available housing. As the State's housing finance agency, CDA's mandate is to increase the supply of housing for families of limited incomes, the elderly and the handicapped, as well as to foster sound community development and stimulate the construction industry Statewide (Code 1957, Art. 41, secs. 257L(a)-(g), 266DD 1-8, 266FF 1-4).

To achieve its mandate, CDA uses a variety of programs and funding techniques. Programs are funded by the sale of tax-exempt revenue bonds and construction loans notes, and State general obligation bonds, and by federal housing subsidies.

Projects financed by the Department of Economic and Community Development must be consistent with local priorities and must complement and supplement local community development programs and initiatives. Projects must meet eligibility criteria and financing requirements, and income limits are established as the guideline for persons served (Code 1957, Art. 41, secs. 257L, 266DD-1 to 266DD-8 and 266FF-1 to 266FF-4).

SINGLE-FAMILY PROGRAMS

The Maryland Home Financing Program (MHFP) is the oldest of the three single-family programs supervised by the Community Development Administration. The program was authorized by the General Assembly in 1972 and first funded with the sale of State General Obligation Bonds in 1973. This direct-loan program expands homeownership opportunities for low income Marylanders. It differs from the other single-family programs by virtue of its funding source: General Obligation Bonds and appropriations, and a revolving fund from prior loans under the program. MHFP is administered through outreach agents located in each major political subdivision in the State. Loans have been made in every county and the City of Baltimore.

The last opening of MHFP was in August 1981. A lottery was devised to determine the processing order for applications submitted directly to the Community Development Administration. Over 90 percent of the homes financed by MHFP have been existing properties rather than newly constructed homes (Code 1957, Art. 41, sec. 266FF; Code Financial Institutions Article, sec. 13-310).

The Homeownership Development Program (HDP), like the Maryland Home Financing Program, is a direct loan program. First funded in April 1979, it is the only single-family program geared to stimulate new housing construction. HDP is funded through the sale of tax-exempt revenue bonds. Funds are designated for newly constructed homes in approved subdivisions. Only a portion of the homes in each subdivision are assigned for CDA financing—an average of 31 percent. The rest of the units must use private financing. In this way an income mix is achieved in the development.

Using the guidelines of the Mortgage Subsidy Bond Tax Act of 1980, the Community Development Administration sets maximum income limits for participants in the Homeownership Development Program. Sales price limits are also set by CDA. They are based on both affordability within the income limits and the interest rate for the revenue bonds. Loans are given on a first-come, first-served basis (Code 1957, Art.41, sec. 266DD).

Established in 1980, the Mortgage Purchase Program (MPP) was implemented in response to dwindling mortgage funds available through private lending institutions and rising mortgage rates. The MPP is the only single-family program that makes mortgage loans through participating lending institutions. In this program, CDA pur-