During World War II, the influx of workers into Maryland caused a housing shortage. The Federal Public Housing Authority built thousands of units on vast tracts, but existing communities were hard pressed to provide necessary services and schools. After the war, the federal Veterans Emergency Housing Act permitted the sale of government barracks and construction equipment to counties and municipalities to build or convert to civilian housing. The Maryland Veterans' Housing Commission coordinated the work of State and federal agencies dispensing funds or material to provide homes for returned veterans (Chapter 878, Acts of 1947).

The private sector embarked on a postwar building boom, marked by suburban developments containing miles of modest houses on treeless lots for veterans and their new families. Federally funded highways demolished housing and cleared slums, perpetuating the housing shortage, since construction of public units could not keep pace. The Federal Housing Act of 1954 financed local and regional planning assistance, including the Baltimore Regional Planning Council (created in 1956). Under the 1954 law, the Department of State Planning oversaw comprehensive planning assistance grants in Maryland.

Federal funds solved many problems and created new ones. Poor families were displaced by highway construction and slum clearance in the 1950s, and by urban renewal in the 1960s. Private firms reaped profits building expensive suburban homes while Maryland municipalities struggled with the continual lack of low-cost housing. Federally subsidized public housing of the 1960s gave way to subsidized rent policies of the 1970s.

Maryland Housing and Community Development Authority. In 1969, the Maryland Housing and Community Development Authority was created to encourage private construction of low- and moderate-income housing by grants and loans (Chapter 553, Acts of 1969). One year later, the Authority was abolished and replaced with a new department.

Department of Economic and Community Development. The Department of Economic and Community Development was formed in 1970 (Chapter 527, Acts of 1970). Within the new department, the Community Development Administration assisted and funded community development projects that provided some accommodations for families of limited income.

The accelerating rate of postwar growth and change put Marylanders in danger of losing touch with their past. Poor families were not the only victims of urban renewal; structures of irreplaceable historical value had been bulldozed for highways and development. Cultural and historical agencies emerged in the decade after 1960 to preserve the collective memory and restore its physical symbols. Joining the Department of Economic and Community Development in 1970 were two such agencies mandated to stop destruction and save the tangible evidence of Maryland's past. First was the Maryland Historical Trust, created in 1961 and dedicated to identifying and preserving structures of historical or architectural merit (Chapter 620, Acts of 1961). The Trust also advised communities on the establishment of historic districts, a type of urban renewal which worked well in Maryland. Historical interest and the hope of developing a tourist attraction had spawned the St. Mary's City Commission by 1966, the offshoot of a study commission appointed in 1965 (Chapter 115, Acts of 1966). Other commissions to preserve ethnic culture later were added to the Department of Economic and Community Development: the Commission on Afro-American and Indian History and Culture (Chapter 386, Acts of 1974), divided into two commissions in 1976 (Chapter 120, Acts of 1976); and the Maryland Ethnic Heritage Commission (Chapter 116, Acts of 1984).

In 1971, the Department of Economic and Community Development was assigned responsibilities for overseeing the implementation of both the Industrialized Building and Mobile Homes Act and the Model Performance Building Code (Chapters 662 & 663, Acts of 1971). The Building Codes Administration was established within the Department to handle these duties and, in 1978, began to set energy conservation standards for buildings. Other energy-related agencies such as the Energy Policy Office, which originated in the Department of Natural Resources (Chapter 320, 1976), became components of the Department of Housing and Community Development in 1987.

Within the Department of Economic and Community Development, the Maryland Housing Fund was created in 1971 to stimulate construction of low and moderately priced housing by insuring lenders against mortgage losses (Chapter 669, Acts of 1971). The Housing Fund in 1976 became part of the Division of Local and Regional Development, which acted as a liaison between federal agencies and local communities. Federal policy had shifted to granting blocks of funds to the states for distribution to local governments and community action groups who were encouraged to find innovative ways to meet their own housing and development needs. The Division helped communities apply for block grants. At the same time, the Community Development Administration became responsible for the Maryland Home Financing Program and the Maryland Housing Rehabilitation Program.

As programs proliferated, the aims of economic and industrial development did not always mesh with community goals, and housing as an issue remained critical in complexity. The need for affordable housing never abated, and communities required greater expertise to plan development that would enhance, not compromise, the quality of life.