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## **Racial & Ethnic Disparities Continue in Ohio Mortgage Lending: African Americans and Hispanics Face More Loan Denials, Receive More High-Cost Loans**

African Americans and Hispanics/Latinos in Ohio were denied mortgage loans more often than whites in 2009 and, when they did obtain loans, were more likely to receive high-cost subprime loans than whites, according to a new report by the Cleveland-based Housing Research & Advocacy Center utilizing recently-released home mortgage lending data.

Refinance lending showed the greatest disparities in origination rates, with African Americans in Ohio denied such loans 47.01% of the time, compared to 35.59% of the time for Hispanics/Latinos, 23.49% for whites, and 21.71% for Asians. For home purchase lending, African Americans were denied loans 23.36% of the time, compared to 17.41% for Hispanics/Latinos, 13.77% for Asians, and 12.98% for whites.

The racial disparities were so strong that *upper income* African Americans were denied loans at rates similar to those of *low income* whites. Statewide, upper income African Americans were denied refinance loans 43.30% of the time in 2009, compared to a 40.67% denial rate for low income whites. For home purchase loans, upper income African Americans were denied loans 20.67% of the time, compared to a 21.27% denial rate for low income whites.

High-cost lending also revealed racial and ethnic disparities. Statewide, African Americans received high-cost home purchase loans 10.57% of the time – the most of any racial or ethnic group – compared to 7.62% for Hispanics/Latinos, 6.45% for whites, and 3.31% for Asians. Refinance lending showed greater racial and ethnic disparities, as 9.38% of loans obtained by African Americans were high-cost, compared to 6.46% of Hispanics/Latinos, 4.49% of whites, and 1.65% of Asians.

Jeffrey D. Dillman, Executive Director of the Housing Center, stated, “Although the amount of lending overall has decreased substantially over the past four years, racial and ethnic disparities continue throughout the state. Not only do African Americans and Latinos have a harder time getting approved for a loan, but once they get a loan, they wind up with high-cost subprime loans more often than whites even when they have higher incomes.”

The Housing Research & Advocacy Center’s report, entitled “Racial and Ethnic Disparities in 2009 Ohio Mortgage Lending,” analyzes 2009 home mortgage lending data (the most recent available) statewide and in Ohio’s seven largest metropolitan areas – Akron, Cincinnati, Cleveland, Columbus, Dayton, Toledo, and Youngstown. This report follows four similar reports by the Housing Center which specifically examined the racial and ethnic disparities in Ohio Mortgage Lending by analyzing 2005, 2006, 2007, and 2008 home mortgage lending data.

In this year’s report, the Housing Center also found:

- The Cleveland MSA stands out for the strength of the racial disparity for home purchase loans: upper income African Americans were denied home purchase loans 25.41% of the time,

whereas low income whites were denied only 14.98% of the time.

- For refinance loans, the greatest disparity was in the Toledo MSA, where 56.57% of upper income African Americans were denied refinance loans compared to 39.73% of low income whites.
- The racial disparity for high-cost home purchase loans was greatest in the Youngstown MSA, where upper income African Americans received high-cost loans at almost twice the rate of low income whites (23.08% compared to 12.39%). For refinance loans, the greatest disparity was in the Toledo MSA where 15.63% of upper income Africans Americans received high-cost loans compared to 8.53% of low income whites.

Dillman continued, “Although all Ohioans have suffered from the mortgage and foreclosure crisis in recent years, the report shows that African Americans and Latinos – even those with high incomes – have suffered disproportionately. It is past time for federal and state regulators to take aggressive action to investigate and address these disparities.”

Federal law prohibits discrimination in the rental or sale of housing, and in the mortgage lending and homeowners insurance markets, based on race, color, religion, national origin, sex, familial status and handicap. In addition, Ohio law prohibits discrimination based on ancestry and military status.

The report recommends that the recently-created Consumer Financial Protection Bureau examine these disparities and take appropriate steps to protect individuals from abusive and unfair products and services. It also recommends that local governments increase their monitoring and enforcement of local fair housing and consumer statutes.

The Housing Research & Advocacy Center is a nonprofit fair housing organization founded in 1983 whose mission is to eliminate housing discrimination and assure choice in Northeast Ohio by providing those at risk with effective information, intervention and advocacy. The Housing Center is a charter member of Greater Cleveland Community Shares.

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