



Housing Research & Advocacy Center
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Read the report: http://www.thehousingcenter.org/continued_racial_and_ethnic_disp.htm

Wide Racial & Ethnic Disparities Remain in Mortgage Lending: African Americans and Hispanics Denied More Often, Receive Higher Interest Rates Cleveland Region Worst in State for Subprime Lending Disparities

Upper income African Americans in Ohio are denied mortgage loans more often than low income whites and, when they obtain loans, are more likely to wind up in high-cost subprime loans than low income whites, a study of the latest mortgage lending data reveals.

Statewide, upper income African Americans were denied home purchase loans 31.56% of the time, compared to 10.58% of the time for upper income whites and 27.37% of the time for low income whites. For refinance loans, upper income African Americans were denied loans 45.78% of the time, compared to 31.66% of the time for upper income whites and 48.26% of the time for low income whites.

The disparities were even greater when examining what type of loans Ohioans actually obtained. African Americans at every income level received more high-cost subprime loans than whites at every income level. Moreover, this disparity existed in every metropolitan area in the state. The rates of high-cost loans for Hispanics/Latinos were typically between those for African Americans and whites. Upper income Latinos receive high-cost loans 26.60% of the time for home purchase loans and 35.62% of the time for refinance loans.

Jeffrey D. Dillman, Executive Director of the Housing Center, stated, “These racial and ethnic disparities in mortgage lending are extremely troubling and provide strong evidence of bias in the mortgage industry in Ohio. 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 Center’s report, entitled “Continuing Racial and Ethnic Disparities in Ohio Mortgage Lending,” analyzes 2006 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. Using mortgage lending data reported by financial institutions to the federal government, the Housing Center also found:

- The Cleveland metropolitan area had the highest racial disparities in subprime lending in the state, with upper income African Americans receiving high-cost home purchase loans at almost three times the rate of low income whites (63.03% compared to 22.80%) and high-cost refinance loans at almost twice the rate of low income whites (55.72% compared to 30.97%);
- Asians had the lowest incidence of high-cost subprime lending for all groups studied: 13.13% of home purchase loans in the state among upper income Asians were high-cost, compared to 22.61% of refinance loans for upper income Asians;
- The greatest disparity in home purchase loan denial rates was in the Cleveland metropolitan area, where 37.52% of upper income African Americans were denied loans, compared to 24.46% of low income whites;
- The greatest disparity in refinance loan denial rates was in Youngstown, where 55.13% of upper income African Americans were denied loans, compared to 51.11% 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 more. While this evidence by itself does not prove racial discrimination, it raises extremely troubling questions about whether all groups have fair access to mortgage lending. It is up to the lending community to address these disparities to ensure that everyone has a fair opportunity to obtain a home mortgage and for governments

at all levels to make a strong stand against housing discrimination and to commit additional resources to ensure that all individuals have an opportunity to choose their housing free from discrimination.”

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.

The report recommends that local governments enact stronger fair housing laws, implement comprehensive education efforts, vigorously enforce fair housing laws through systemic testing for discrimination as a means of addressing housing discrimination in the region, and increase investigation of mortgage lenders.

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.

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