



Housing Research & Advocacy Center  
3631 Perkins Ave., #3A-2, Cleveland, OH 44114 – Phone: (216) 361-9240 – Fax: (216) 426-1290

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Contact: Jeffrey D. Dillman, (216) 361-9240, [jdillman@thehousingcenter.org](mailto:jdillman@thehousingcenter.org)  
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**Racial & Ethnic Disparities Remain in Ohio Mortgage Lending:  
African Americans and Hispanics Face More Loan Denials, Receive More High-Cost Loans  
Cleveland Region Shows Greatest Disparities in Subprime Lending**

African Americans and Hispanics/Latinos in Ohio were denied mortgage loans more often than whites in 2008 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.

Statewide, upper income African Americans were denied refinance loans 60.86% of the time in 2008, compared to a 52.44% denial rate for low income whites. For home purchase loans, upper income African Americans were denied loans 24.07% of the time, compared to a 26.74% denial rate for low income whites.

High-cost lending also reveals racial and ethnic disparities. Statewide, upper income African Americans received high-cost home purchase loans at a slightly lower rate than low income whites but received high-cost refinance loans at nearly the same rate as low income whites. Hispanics/Latinos typically received more high-cost loans than whites but fewer than African Americans. Asians had the lowest incidence of high-cost lending for all groups studied.

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 2008 Ohio Mortgage Lending,” analyzes 2008 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 three similar reports by the Housing Center which specifically examined the racial and ethnic disparities in Ohio Mortgage Lending by analyzing 2005, 2006, and 2007 home mortgage lending data.

Statewide, the overall amount of mortgage lending decreased significantly over the last four years, from 1.16 million loan records reported in 2005 to 533,639 in 2008, a 54.00% decrease. While members of all racial groups received fewer loans, the 2008 data reveal continuing disparities in mortgage lending in Ohio based on both race and ethnicity.

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

- African Americans in Ohio were denied home purchase loans 30.85% of the time, compared to 20.63% for Hispanics/Latinos, 15.22% for Asians, and 14.98% for whites. For refinance loans, African Americans were denied loans 63.00% of the time, compared to 52.45% of the time for

Hispanics/Latinos, 39.47% for whites, and 38.35% for Asians.

- The Cincinnati MSA stands out for the strength of the racial disparity for home purchase loans: upper income African Americans were denied home purchase loans 16.45% of the time, whereas low income whites were denied only 8.98% of the time.
- For refinance loans, the greatest disparity was in the Cleveland MSA, where 64.94% of upper income African Americans were denied refinance loans compared to 52.05% of low income whites.
- Statewide, 17.75% of home purchase loans obtained by African Americans were high-cost, compared to 14.87% for Hispanics/Latinos, 10.88% for whites, and 5.74% for Asians.
- Refinance lending showed greater racial and ethnic disparities, as 27.43% of loans obtained by African Americans were high-cost, compared to 16.53% of Hispanics/Latinos, 12.50% of whites, and 5.17% of Asians.
- The racial disparity for high-cost loans was greatest in the Cleveland MSA, where *upper income* African Americans received high-cost loans more often than *low income* whites (18.53% compared to 14.24% for home purchase loans and 27.40% compared to 19.16% for refinance).

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 the creation of a federal Consumer Financial Protection Agency to protect individuals from abusive and unfair products and services. It also 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. The Housing Center is a charter member of Greater Cleveland Community Shares.

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