



Housing Research & Advocacy Center  
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Read the report: <http://www.thehousingcenter.org/>

### **Subprime Lending in Cleveland at Double National Rate: Eastside Cities & Neighborhoods Receive Most High-Cost Loans**

The most recent mortgage lending data reveal that Clevelanders receive high-cost subprime mortgage loans at more than double the rate of the national average, according to a local fair housing group. Almost one-quarter (24.25%) of home mortgage loans in the City of Cleveland were high-cost subprime loans in Cleveland in 2008, compared to 11.6% nationwide. By contrast, 13.06% of mortgage loans in Cuyahoga County were high-cost subprime loans. The Housing Research & Advocacy Center, located in Cleveland, also found that African Americans and Hispanics in Cleveland and Cuyahoga County are more likely to obtain home mortgage loans with high interest rates compared to white residents.

In the last month, the Housing Center published two reports that analyze 2008 mortgage lending data (the most recent available) in Cleveland and Cuyahoga County. The data reveal that in the City of Cleveland, African Americans obtained high-cost mortgage loans 32.33% of the time, compared to 25.54% of the time for Hispanics and 19.54% for whites. In Cuyahoga County as a whole, African Americans obtained high-cost mortgage loans 24.85% of the time, compared to 20.25% of the time for Hispanics and 10.30% for whites.

In Cleveland, the neighborhoods with the greatest concentration of high-cost lending were North Broadway (44.00% of all originations), Union-Miles (39.19%) and St. Clair-Superior (38.89%), compared to the Citywide average of 24.25%. In Cuyahoga County, the greatest overall incidence of high-cost lending occurred in East Cleveland and Newburgh Height (38.46% each), compared to the Countywide average of 13.06%.

Jeffrey D. Dillman, Executive Director of the Housing Center, noted, "These reports confirm what we have been experiencing in the region for a number of years: Cleveland has been – and continues to be – a target of lenders offering subprime loans. It is especially disturbing that African Americans and Hispanics are not only denied loans more often than whites but that when they do obtain mortgage loans, they are more likely to wind up in these high-cost subprime products."

The reports also found that in Cuyahoga County:

- African Americans were denied single-family mortgage loans at the highest rate (57.75%) compared to 52.12% for Hispanics, 36.48% for Asians, and 31.53% for whites.
- High-cost lending disparities between African Americans and whites were highest in three inner-ring eastside suburbs: Shaker Heights (20.00% compared to 4.83%), East Cleveland (40.00% compared to 11.11%), and Cleveland Heights (26.07% compared to 8.94%).
- Third Federal Savings & Loan originated the highest number of home purchase loans, with 1,467 originations (or 14.45% of the market share) with an origination rate of 85.29%.

In Cleveland:

- Native Americans were denied single-family mortgage loans at the highest rate (67.27%), compared to 62.66% for Africans-Americans, 57.23% for Hispanics, 55.70% for Asians, and 44.09% for whites.

- Eastside residents were more likely to receive high-cost subprime loans compared to Westside residents (30.50% compared to 19.19%).
- American Midwest Mortgage originated the highest number of home purchase loans, with 170 originations (or 9.13% of the market share), with an origination rate of 100%.

Krissie Wells, Fair Housing Research Associate at the Housing Center, stated, “these reports are designed to be a valuable resource for cities and neighborhoods to use to examine how single-family mortgage lending and high-cost lending may be affecting families and development in their neighborhoods and the region.”

The Housing Center’s report, the “City of Cleveland Community Lending Factbook,” provides basic information on home mortgage lending in each of the City’s 36 statistical planning areas. The “Cuyahoga County Community Lending Factbook” provides data for the County and each of its 58 cities, townships, and villages.

*The Housing Research & Advocacy Center is a nonprofit fair housing organization 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 founding member of Greater Cleveland Community Shares.*

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*Copies of the reports are available on the Housing Center’s website: [www.thehousingcenter.org](http://www.thehousingcenter.org).*