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What Trump's $200bn mortgage bond plan means for homeowners

Story by Hugh Cameron 2026-1-10

President Donald Trump has unveiled a plan to push down mortgage rates and improve affordability for prospective homebuyers, but experts say the costly proposal would have only a marginal impact on the U.S. housing market.

In a Truth Social post on Thursday, Trump said he had directed his "representatives" to purchase $200 billion in mortgage bonds—debt securities backed by home loans—and said doing so will "will drive Mortgage Rates DOWN, monthly payments DOWN, and make the cost of owning a home more affordable."

Newsweek has contacted the Federal Housing Finance Agency (FHFA) via email for comment.

Why It Matters

Home loan costs are among the major pressures currently facing buyers in the U.S, as well as still-elevated prices and other ancillary costs that have dampened demand in recent years. This has led to surging inventory and owners struggling to sell their homes—many now pulling their listings out of frustration and the inability to meet tighter buyer budgets.

What To Know

When governments buy mortgage bonds in the manner Trump proposes, it gives banks and mortgage middlemen like Freddie Mac and Fannie Mae cash in exchange for these bonds, handing them more money to lend and pushing down the yields on these bonds. As mortgage rates are tied to these yields, borrowing costs therefore follow.

"It puts more money into the housing market, into the system," explained Neal Hayes, broker and founder of Neal Hayes Mortgages in the U.K. "So there's more money there for lenders to lend."

"It's not the sort of amount that the Fed were putting in during COVID," he added. "But it will have a small effect in terms of getting people on the housing market and potentially reducing rates slightly."

The Federal Reserve has a long history of buying bonds to lower rates, part of a monetary policy referred to as "quantitative easing"—and the Treasury has similarly done so during periods of significant economic upheaval such as the 2008-2009 housing crisis.

Trump said the funds are available thanks to the decision in his first term not to release Fannie Mae and Freddie Mac from government conservatorship, which he called a "truly great decision."

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"It is now worth many times that amount—AN ABSOLUTE FORTUNE—and has $200 BILLION DOLLARS IN CASH," he wrote.

It was not immediately clear from Trump's post who would be doing the buying, but FHFA Director Bill Pulte later confirmed that "Fannie and Freddie are the entities that will do the purchases."

The idea has been floated in the past as a means of addressing the declining demand for mortgage-backed securities and elevated borrowing costs, but experts are skeptical that even purchasing $200 billion from the public market could meaningfully move the latter.

"Details remain limited, but it's difficult to see this proposal moving mortgage rates in a large or lasting way," Realtor.com senior economist Joel Berner told *Newsweek*. "A one-time infusion of roughly $200 billion, or even a series of smaller purchases that add up to that figure, is unlikely to meaningfully alter long-term mortgage pricing."

Tomasz Piskorski, professor of finance and real estate at Columbia University, told *Newsweek* that a one-off purchase of mortgage-backed securities by government-sponsored enterprises (GSEs) like Fannie or Freddie would "likely put modest downward pressure on mortgage rates due to increased demand"—lowering these a few basis points and cutting monthly payments by a few dollars.

Note

Hayes told *Newsweek* that the plan could reduce mortgage rates by around 0.1 percent, slightly hastening their ongoing decline since early 2025. According to the latest data from Freddie Mac, average rates for 30-year fixed-rate mortgages currently sit at 6.2 percent, compared to 5.5 percent for 15-year loans.

"Government bond buying can inject stability and certainty in the mortgage market and therefore drive down rates," said Bankrate housing market analyst Jeff Ostrowski. "That's what happened in 2020 and 2021, when the Fed ramped up its purchases of mortgage-backed securities."

Note

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"However, the Fed was far from the most important force pushing down mortgage rates," he added. "They fell because the global economy was in crisis, and because 10-year Treasury yields, the main benchmark for mortgage rates, plunged to all-time lows."

Berner told *Newsweek* that for a more significant impact, cash injections of this kind would need to be viewed by markets as "large, sustained, and predictable."

"The Fed continues to hold $2 trillion of mortgage backed securities even after 3 years of reducing their holdings," he said. "Without that same level of scale and credibility, any impact on mortgage rates would likely be modest and short-lived."

What People Are Saying

President Trump via Truth Social: "I am instructing my Representatives to BUY $200 BILLION DOLLARS IN MORTGAGE BONDS. This will drive Mortgage Rates DOWN, monthly payments DOWN, and make the cost of owning a home more affordable. It is one of my many steps in restoring Affordability, something that the Biden Administration absolutely destroyed."

Federal Housing Finance Director Bill Pulte, quoted in Politico, said: "What will happen is, as mortgage bond prices go up, interest rates theoretically go down. It's a very, very big opportunity for the housing market and for all Americans aspiring to get that American dream."

Tomasz Piskorski, professor of finance and Edward S. Gordon Professor of Real Estate at Columbia University, told *Newsweek*: "Bottom line: the direct effect of $200B is likely incremental, but the signaling value—if credible—could amplify the market response."

"Though of course this intervention can also contribute to the increase in house prices in which case this effect will be moderated a bit," he added.

Realtor.com Senior Economist Joel Berner told *Newsweek*: "If this move is perceived as a one-off rather than a sustained effort to lower borrowing costs, it is unlikely to change builder behavior or materially increase housing production. Without meaningful gains in construction, the long-term impact would be minimal, aside from a potential one-time boost to home prices."

What Happens Next

The idea is one of several that have been floated by Trump to address housing affordability. On Wednesday, the president said via Truth Social that he was "immediately taking steps to ban large institutional investors from buying more single-family homes."

Trump said he would address this and other "housing and affordability proposals" during his appearance at the annual meeting of the World Economic Forum (Davos), which is scheduled for January 19 to 23.