EPiC NEWS

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Ask an Economist: 50-Year Mortgages

Recently, there has been discussion about extending the standard U.S. mortgage to fifty years. President Trump floated the idea, and, unsurprisingly, the proposal has taken on a partisan tone.

In this column, we will set politics aside and look at the economic fundamentals. Why is this debate happening now, and what would a 50-year mortgage do?

Before addressing the policy itself, it is important to understand the backdrop: housing affordability in the United States is at its lowest point in four decades. The National Association of Realtors' affordability index has fallen to its lowest level since consistent records began in 1989.[1] This results from an unusually challenging combination of high home prices, higher mortgage rates than in recent years, and incomes that have not kept pace with housing costs.

Home prices nationally are 35–40% higher than they were before the pandemic, and mortgage payments for new buyers have nearly doubled compared to 2019. At the same time, the country faces an estimated shortage of 3–4 million homes, stemming from years of underbuilding, zoning restrictions that limit density, and supply-chain constraints in construction.[2] This shortage affects not only large coastal cities but also fast-growing regions of the Sunbelt—South Carolina among them—where demand has outpaced the available housing stock.

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UPCOMING EPiC EVENTS

We are planning a graduate student policy conference for the spring. Stay tuned for more information!

Recent Policy Briefs

"A Farewell to Mass Factory Jobs", Luis Felipe Sáenz (November 2025)

"Online Cheating During COVID-19", by Alexander Matros (December 2025)

"Taxes on Sugar Affect the Price of Diet Soda", by Danna Thomas (January 2026)

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In this environment, proposals such as a 50-year mortgage reflect a broader search for ways to reduce monthly payments and make homeownership accessible to more households. Economically, the logic is straightforward: longer amortization lowers the monthly payment because borrowers repay the principal more slowly. For example, at a 7% interest rate, a $255,000 loan (roughly what is needed to purchase the median home in South Carolina with a 20% down payment) might require a monthly payment of about $1,570 on a 30-year schedule but roughly $1,520 on a 50-year schedule, which is a modest but real reduction.

However, this benefit comes with significant costs. Because they pay back the loan over a much longer period, borrowers would pay more total interest. Even a slightly higher interest rate, which lenders would likely charge to compensate for additional long-run risk, can magnify the total cost. In addition, longer mortgages slow the accumulation of home equity. A household with a 50-year mortgage would build equity far more gradually, leaving households more exposed to fluctuations in home values and less able to leverage their home for future financial needs.

It is also important to note what a 50-year mortgage cannot do. It does not increase the number of homes available, and it does not solve the underlying structural shortage. Most economists agree that addressing affordability in a lasting way requires expanding supply using increased construction, zoning reform, and modernization of permitting and land-use rules, rather than increasing demand via financial engineering.

In summary, extended-term mortgages can make monthly payments slightly more manageable, but the trade-off is higher total borrowing costs and slower equity growth. They may offer relief to some buyers, but they do not substitute for the deeper reforms required to expand housing supply and restore long-run affordability.

If you have questions you'd like to address in a future column, send them to our EPIC team. We're always happy to help explain the economics behind the headlines!

[1] National Association of Realtors, Trends in Housing Affordability: Who Can Currently Afford to Buy a Home? (https://www.nar.realtor/blogs/economists-outlook/trends-in-housing-affordability-who-can-currently-afford-to-buy-a-home)

[2] Freddie Mac, U.S. Economic, Housing and Mortgage Market Outlook, p. 4 (https://www.freddiemac.com/research/pdf/Freddie_Mac_Outlook_November_2024.pdf)

STUDENT SPOTLIGHT: Roxana Gonzalez-Cortes

Initially drawn to the Economics major by the promise of a higher LSAT score, Roxana Gonzalez-Cortes unexpectedly discovered a deeper interest in the field as she learned how economists rigorously study important questions in health, policy, and the labor market.

Roxana is now a fourth-year Economics Ph.D. student at USC. She is primarily interested in urban and public economics, with a focus on questions relevant to low-income communities.

Roxana has recently studied the impact of Opportunity Zones, a policy designed to incentivize investment in distressed areas, on housing. She finds that the number of rental units increased significantly in designated areas while rents remained stable.

Alongside her doctoral work, Roxana is currently a part-time data scientist with the South Carolina Department of Employment and Workforce. So far, she has been studying employee turnover in South Carolina by occupation.

Outside of her studies, Roxana enjoys time on the water racing 24-foot sailboats! After graduation, she looks forward to a career that will allow her to use the research skills she has honed during her time as a Ph.D. student.

You can connect with Roxana here: https://www.linkedin.com/in/roxana-gonzalezcortes/