

The Impact of Housing Loans on Residents' Happiness

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ABSTRACT

A home purchase loan refers to a loan that a home buyer applies for to a bank or any other financial institution to buy a home. As people's yearning for a better life increases, more and more people are more inclined to buy houses, thus generating loans for house purchases. With the increase of housing loans, residents' happiness is facing new challenges. This paper analyzes the main composition of housing loan, and explores the impact of housing loan on residents' happiness through the data tracking of different families. The results show that housing loans have a significant impact on residents' happiness. First, housing loans, as an economic burden, may have a negative impact on residents' well-being. However, on the other hand, housing loans may also have a positive impact on residents' well-being. Having a home is an important part of how many people achieve a stable life, which may give them satisfaction and security, which are the main reasons for determining whether it is significant or not. This paper also determines the credibility of the data results through mechanism test, heterogeneity analysis and robustness analysis.

KEYWORDS

Housing Loan; Residents' Happiness; Housing Accumulation Fund.

1. INTRODUCTION

Family well-being is a multi-dimensional concept covering aspects of interrelationships, emotional connections, communication and support among family members. It is not only an emotional satisfaction, but also a reflection of the quality of life. Happiness can be used to measure the level of residents' welfare (Frey and Stutzer, 2002). Compared with other countries, people's happiness is at a relatively low level. Having a house means that an individual or family owns one or more houses, which can be used for residence, investment or rent. Housing ownership usually represents a certain economic strength and stability, and is also an important goal in many people's lives.

There are many benefits of owning a house, such as can provide a stable living environment, do not have to move often, can decorate and transform according to their own preferences and needs, increase the value of personal assets. In addition, home ownership also brings some tax and financial benefits, such as property tax breaks and housing rental income. However, owning a house also requires certain responsibilities and obligations, such as regular maintenance and maintenance of the house, paying relevant taxes and property fees, as well as possible maintenance and decoration costs of the house. In addition, the purchase also needs to consider the personal economic strength and financial planning, can not blindly follow the trend or excessive borrowing, to avoid bringing unnecessary economic pressure to themselves. Since the eighteenth congress, comrade xi for the core of the party central committee attaches great importance to the people's housing problem, continue to deepen reform of the housing system, strengthen the housing market regulation, formed a series of

new ideas, new ideas, to improve the housing system and promote the healthy and orderly development of the housing market has been clear about the direction, provides to follow.

Based on the data of the 2015-2019 China Family Finance Survey, this paper constructs a balance panel to analyze the impact of fluctuations in housing loans and housing prices on family happiness. The results suggest that the increase in home loan reduces family happiness.

The possible contributions of this paper are: (1) a better study of the impact of housing loans on family happiness and (2) provide new ideas for summarizing family loans.

2. LITERATURE REVIEW AND HYPOTHESIS PRESENTATION

2.1. Literature Review

The housing loan mentioned in this article has a lot to do with the housing price and the housing purchase. Some scholars believe that the rapid rise in housing prices has driven the rapid rise in the household pole rate, leading to a multiple increase in the amount of household loans (Zhou Guangsu and Wang Yaqi, 2019). Housing purchase is inseparable from the housing accumulation fund. Some scholars believe that the housing accumulation fund has no significant impact on families without loan and families with loan, and can only improve the consumption level of families with houses without loan.(Kang Shulong, Yu Haiyue, Liu Yuefei, 2017).

First, housing loans, as an economic burden, may have a negative impact on residents' well-being. However, on the other hand, housing loans may also have a positive impact on residents' well-being. From this perspective, this paper explores the connection and influence of housing loans on residents' family happiness.

3. DATA, VARIABLES, AND MODELS

3.1. Model Construction

3.1.1. Data

The data used in this paper are from the Chinese Family Finance Survey (China Household Finance Survey, CHFS) conducted nationwide in 2015,2017 and 2019 by the Center for Chinese Family Finance Survey and Research, Southwestern University of Finance and Economics. Chinese family finance survey adopts three-stage, stratified, proportional (PPS) sampling method, through scientific sampling, computer-aided survey system CAPI) and other modern survey technology and survey management means to collect micro information of Chinese family finance. This paper focuses on the impact of family housing loans on residents' family happiness, including family housing loans, housing price fluctuations and other control variables.

(1) Define the variables

1) Interpreted variable: family happiness

In order to study the impact of changes in housing assets on household consumption, the explained variable selected in this paper is household household well-being.

In this paper, residents' happiness in the China Family Finance Survey (China Household Finance Survey, CHFS) questionnaire is defined as residents' family happiness. The questionnaire clearly divides residents' happiness into five categories, which are very happy, happy, general, unhappy and very unhappy. This paper defines the first two (very happiness, happiness) and the last three (general, unhappy, very unhappy) as resident family happiness.

2) Focus on the variable: the housing loan

This paper defines the family has a mortgage as a housing loan, whether there is the first house of the mortgage of the sixth house, as long as there is a house loan, no matter how the first house of the house loan, is defined as a house loan, and the rest is defined as no housing loan. This paper divides the housing loans into bank loans, credit card loans, network loans and so on.

(2) controlled variable

According to previous literature, the variables are controlled for household characteristics and household characteristics. Among them, the characteristic variables of household head include gender, employment, housing accumulation fund, years of education, marital status, residence, etc.

Table 1. Descriptive statistical results

	(1)	(2)	(3)	(4)	(5)
VARIABLES	N	mean	sd	min	max
adaikuan	27,651	0.0928	0.290	0	1
happiness	27,651	0.678	0.467	0	1
age	27,651	51.97	18.40	0	101
work	27,651	0.467	0.499	0	1
gender	27,651	0.443	0.497	0	1
edu	27,651	8.725	5.072	0	22
married	27,651	0.721	0.448	0	1
area	27,651	0.581	0.493	0	1

Table Table 1 reports the descriptive statistical results for the variables. Among them, the unit of family purchase loan is ten thousand yuan, in the return needs to take logarithm. After excluding the missing values, the valid sample was 27,651 households

3.1.2. Construction of Analysis Model

When analyzing the impact of home loan on family happiness, the regression model is constructed as follows:

$$\text{Happiness}_{it} = \alpha + \beta \text{Loan}_{it} + X_{it} \gamma + C_i + \mu_{it}$$

Happiness_{it}Among them, is the family happiness, is the family has a mortgage, is the control variable, is the missing variable that does not change with time, is the residual item.**μ_{it}**

4. EVALUATION AND ANALYSIS OF RESEARCH RESULTS AND PATH EXPLORATION EFFECT

4.1. Empirical Results

Table 2 reports the impact of household housing loans on residents' well-being. Column (1) uses the OLS to estimate the impact of home loans on family well-being. From column (1), the estimate coefficient of family happiness using OLS is -0.063, significant at the 1% significance level. The results showed that the housing loan increased by one unit, and the residents' happiness decreased by 0.063 units. An increase in home loans will significantly reduce residents' happiness.

Specific view, for older, women, work, high level of education, marriage these factors determine family consumption level, for example, older, have experience at work, high level of education, often get salary is higher, these determine a family income level, head of the household is the main source of family income, is the main makers of family decision-making, its risk attitude, physical condition, working condition will have important influence on family happiness.

Table 2. The impact of housing loan and housing asset appreciation on family happiness

	(1)
VARIABLES	happiness
adaikuan	-0.063***
	(0.007)
age	0.002***
	(0.000)
gender	-0.020***
	(0.006)
work	0.025***
	(0.006)
edu	0.001**
	(0.001)
area	-0.002
	(0.006)
married	0.040***
	(0.007)
Constant	0.518***
	(0.015)
Observations	27,651
R-squared	0.015

Standard errors in parentheses.

4.1.1. Mechanism Test

In order to further verify the above conclusion, housing accumulation fund is a kind of long-term housing savings, by state organs, institutions, state-owned enterprises, urban collective enterprises, urban private enterprises and other urban enterprises and institutions, private non-enterprise units,

social organizations and their in-service workers. The main function of housing accumulation fund includes buying a house, repaying mortgage principal and interest, paying rent and so on. The monthly capture of worker housing accumulation fund puts forehead to be worker oneself one year monthly average salary times worker housing accumulation fund capture puts proportion. That means that the source of the housing accumulation fund is deducted from the salary of every month. So, buy a house accumulation fund also belongs to a kind of buy a house to borrow money. Table 3 shows that the housing accumulation fund is a negative and significant state for family happiness, which means that when the housing accumulation fund is increased by one unit, the corresponding family happiness will be reduced by 0.019 units, further indicating that the impact of housing loan on residents' happiness is negative and significant.

Table 3. The impact of housing provident fund on family happiness

VARIABLES	(1) happiness
housing_fund	-0.019***
	(0.000)
age	0.003***
	(0.000)
gender	-0.021***
	(0.006)
work	0.028***
	(0.007)
edu	0.002***
	(0.001)
area	-0.000
	(0.006)
married	0.038***
	(0.007)
Constant	0.498***
	(0.015)
Observations	27,651
R-squared	0.013

Standard errors in parentheses.

*** p<0.01, ** p<0.05, * p<0.1.

4.1.2. Robustness test

(1) Consider the impact of housing quantity

The impact of housing on family happiness is a complex problem, involving economic, social, psychological and other aspects. There may be differences in the effects of one home and multiple

homes on family happiness, but this is not absolute because the circumstances and needs are different for each family.

For families with only one home, housing may be one of their largest assets, so the status and quality of housing may have an important impact on family well-being. If the housing conditions are good, comfortable and safe, then the family members may feel more satisfied and happy. On the contrary, if poor housing conditions, safety risks or poor living conditions, family members' happiness may be affected.

For families with multiple homes, they may have more financial resources and wealth, which may lead to a higher quality of life and happiness. Multiple homes may also mean more options and flexibility, such as getting additional income from living in different places or renting out homes. However, owning multiple homes may also have some negative effects, such as maintaining and managing multiple properties may require more time and effort, and excessive properties can also lead to tension and conflict among family members.

As can be seen from Table 4, a housing loan has a negative impact on family happiness, which means that people get less happiness from housing than less happiness from mortgage repayment.

Table 4. The impact of a home loan on family happiness

	(1)
VARIABLES	happiness
adaikuan	-0.054***
	(0.013)
age	0.001***
	(0.000)
gender	-0.006
	(0.014)
work	0.012
	(0.014)
edu	0.003*
	(0.002)
area	-0.012
	(0.014)
married	0.028
	(0.017)
Constant	0.603***
	(0.036)
Observations	4,869
R-squared	0.008

Robust standard errors in parentheses.

*** p<0.01, ** p<0.05, * p<0.1.

5. CONCLUSION AND RECOMMENDATIONS

Based on the data of the 2015-2019 China Family Finance survey, this paper constructs a balance panel to analyze the impact of housing loans on families and happiness. The results showed that lower home loans had significantly increased family happiness.

First, home loans can help residents realize their dreams of owning their own homes, thus improving their quality of life. This psychological satisfaction of "living in a place" can enhance residents' happiness. In addition, by extending the repayment period, housing loans can reduce the financial pressure of residents, in turn increasing their psychological happiness. However, when rising house prices lead to increased debt, it may have a negative impact on residents' happiness.

Secondly, the impact of housing debt on residents' happiness varies between urban and rural areas, education level and income level. Rural areas, low education level and low-income families are more sensitive to mortgage loans, and their negative impact is greater than that on urban areas, high education level and high-income families. This may be because rural areas, low education levels, and low-income families face greater economic and psychological stress when they suffer from mortgage pressure.

Finally, the interest rate of home loans can also affect residents' happiness. The bank benchmark interest rate for the same period is the basis of the housing loan interest rate, and the loan interest rate of different banks rises slightly. Changes in interest rate will directly affect the repayment pressure and burden of residents, thus having an impact on happiness. Furthermore, we also need to consider the long-term impact of home loans on household finances. While housing loans can help families realize their dreams of owning their own homes, long-term debt pressures may impose certain constraints on the family's daily life and future development. Families may need to sacrifice other aspects of consumption and investment to repay housing loans, which may affect the overall well-being and quality of life.

At the same time, we also need to realize that housing loans are not a universal solution. In some cases, too high housing prices and too tight loan conditions can cause families to lose pressure from housing loans and get into economic difficulties. In this case, families may feel anxious, helpless and lost, with negative effects on happiness.

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