# Influence of Parental Financial Gifts for Home Purchase on Residential Satisfaction in the Netherlands

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## Abstract

This paper delves into the influence of intergenerational financial gifting for home purchase on residential satisfaction in the Netherlands. As the housing affordability landscape shifts and tax policies such as one-time tax-free gifting for house purchase are abolished in the Netherlands, it becomes essential to comprehend the emotional and psychological effects of financial transfers. By employing several logistic regressions using data from the 2021 WoON (Woononderzoek Nederland), this study examines whether receiving a financial gift from parents or in-laws and the gift magnitude have a significant impact on satisfaction with one's current residence and one's neighborhood, which are the two pillars of residential satisfaction. The results show, challenging the initial expectations, that neither receiving a financial gift nor the gift magnitude significantly impacts one's residential satisfaction. These findings challenge the traditional view that increased financial resources lead to higher residential satisfaction. Instead, they lend support to the 'have/want discrepancy' theory, which states that the gap between desires and reality concerning living conditions stays the same when financial resources are increased. Likewise, the results point towards the importance of other factors than increased financial resources in shaping residential satisfaction. Psychological and experiential factors could be more prominent determinants. These findings open an avenue for future research on residential satisfaction with a more qualitative approach. Additionally, this research advocates for the need to conduct further qualitative studies on residential satisfaction to better understand how residential satisfaction is influenced by psychological and experiential factors. Ultimately, this study reinforces the age-old saying: 'Money can't buy happiness'.

**Keywords:** Residential satisfaction, neighborhood satisfaction, housing affordability, homeownership, financial constraints, financial transfers, Inter Vivos gifts, intergenerational gifts, intergenerational financial transfers, jubelton, tax-free gifting, have/want discrepancy.

## Table of contents Page

## Introduction

The contemporary housing market presents a myriad of challenges for young adults, especially when it comes to the financial aspects of purchasing a home (Hochstenbach & Arundel, 2021). Elevated house prices, strict lending criteria, and the widening gap between incomes and housing expenses force many into extended renting or even the bleak prospect of never owning a home (Al Sadat Zyed et al., 2016; Hoolachan et al., 2017). These barriers not only impact access to housing but also shape the broader life trajectories of young adults, such as decisions about partnering, childbearing, and career progression, which all impact residential satisfaction (Ford et al., 2002; McAuley & Nutty, 1985; Mridha, 2020). Intergenerational financial gifts, typically from parents or grandparents, emerge as a critical strategy to navigate these challenges (Lee et al., 2020; Mulder & Smits, 2013). Yet, an important consideration arises: do these gifts genuinely enhance residential satisfaction, or might they introduce unforeseen complexities?

In recent times, the trajectory of the housing market, demonstrated by escalating property prices and harsh entry barriers, has made homeownership an elusive dream for many young adults. This evolving landscape has consequently amplified the role of intergenerational financial gifts in the homeownership narrative. Parents and grandparents, witnessing the financial challenges faced by their (grand)children, are increasingly stepping in to provide financial support (Cook, 2020). Such financial interventions, whether manifested as direct monetary gifts, loans, or even early inheritances, serve as crucial help, enabling the younger generation to navigate the complexities involved in acquiring property (Helderman & Mulder, 2007). Moreover, there is an evident pattern of continuity in housing trajectories within families. Families that have historically benefited from such transfers are more likely to perpetuate this tradition, underlining the cyclic nature of housing-related financial aid (Cook, 2020; Helderman & Mulder, 2007). However, as intergenerational financial transfers become more prominent, they bring a range of intricate socio-economic consequences. While they undeniably facilitate homeownership for many, they also risk establishing and amplifying existing wealth disparities across generations, potentially skewing the balance of housing opportunities (Deutsch, 1997).

As the dynamics of the housing market evolve, with intergenerational financial gifts becoming a critical facet of homeownership, it becomes imperative to understand the broader implications of such financial aids on homeowners' satisfaction. Beyond its tangible attributes, housing embodies emotional and symbolic values that intertwine with an individual's broader life satisfaction and well-being (Peck, 1985). The mode of property acquisition, especially when facilitated through familial gifts, not only influences the physical and financial aspects of the dwelling but also deeply impacts the psychological bond and attachment individuals foster with their residences (Fried, 1982). Less financial burdens and the sense of achievement associated with homeownership have been shown to heighten this bond, leading to enhanced residential satisfaction (Huang & Du, 2015; Rioux & Werner, 2011). However, there is a gap in the literature concerning research on the influence of intergenerational gifts for home purchase on residential satisfaction. In an era where housing decisions are increasingly influenced by financial transfers, comprehending this relationship becomes crucial, not only to understand individual well-being but also to gauge its impact on broader societal patterns. It also forms a basis for further research on inter-generational financial gifting as well as residential satisfaction.

The dynamics of homeownership and residential satisfaction have long been studied (Bonaiuto. et al., 1999; Dekker, 2011; Huang & Du, 2015; Ibem & Aduwo, 2013; Jansen, 2014; Lu, 1999; Rioux & Werner, 2011), yet the intricate layers involving intergenerational financial gifts, especially in specific tax environments like the Netherlands, remain underexplored. With the evolving landscape of housing affordability and the changing nature of familial financial support, there arises a need to investigate the emotional and psychological impact of these financial transfers, particularly concerning homeownership satisfaction.

This research therefore aims to answer the question:

*‘How does receiving a financial gift from parents or in-laws for home purchase impact residential satisfaction?’*

Given the current literature and the unique financial landscape of the Netherlands, the expected outcome, although there are some contradictions in the literature, is that intergenerational tax-free financial gifts, increase financial resources and thus can increase residential satisfaction by enabling the purchase of higher-quality homes, in better neighborhoods and reducing financial stress associated with home buying. This research will explore if this hypothesis is valid, considering the various factors that interweave with intergenerational financial gifts, satisfaction with one’s residence, and neighborhood satisfaction.

Introduced in 2013, a new tax law emerged as a policy response to the credit crisis, allowing parents to gift their children approximately €100.000 tax-free for home purchases, the so-called 'jubelton', symbolizing the joy or celebration associated with giving or receiving such a substantial gift. According to the Dutch Government's Belastingplan 2013 (2012), which reveals the tax plans for the upcoming year, the jubelton was initially implemented to tackle the widespread issue of underwater mortgages and to stimulate the Dutch residential real estate market. However, over time, it has been linked to the accelerated rise in housing prices in the Netherlands, making it almost impossible for people to purchase a house only using a mortgage (Kraniotis, 2022; Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2023). By 2021, this sustained price escalation significantly impacted especially young adults, creating high barriers to their entry into the market (Hochstenbach & Arundel, 2021). This was further compounded by a clear scarcity of affordable homes, worsening the challenges for potential homeowners (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2023). With the jubelton in play, outbidding became usual and bidding wars intensified, as recipients had a pronounced financial benefit, often outbidding competitors (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2023). As the market dynamics evolved, relying solely on a mortgage for home acquisition became an unrealistic proposition. Prospective homeowners found themselves under mounting pressure to collect substantial savings to remain competitive. Recognizing these market distortions and the unintended consequences of the jubelton, regulatory changes were initiated. By 2023, the tax-free gift allowance was notably reduced to €28.947,-, with plans for its complete abolishment by 2024 (Belastingdienst, 2023; Ministerie van Financiën, 2022). According to Housing Minister Hugo de Jonge, these implications will ensure that a more balanced and equitable housing market for all Dutch citizens will be created.

## Theoretical framework

### Defining and assessing residential satisfaction

In the context of residential contentment, satisfaction with an individual's dwelling and the satisfaction derived from the estate or neighborhood are recognized as the two foundational elements of overall residential satisfaction (Dekker, 2011)

Several studies mention that activities within the home and the surrounding neighborhood play a pivotal role in influencing residential satisfaction (Dekker et al., 2011; Wang & Wang, 2015). Enhanced positivity and engagement in daily activities, both within the residence and the local community, are associated with increased levels of satisfaction with one's living situation.

In the context of housing studies, the concept of a 'housing deficit' emerges, signifying the disparity between prevailing housing conditions and the benchmarks set by societal, cultural, and familial standards (Lu, 1999; Morris et al., 1976). This perspective draws its foundation from the housing adjustment theory. This theory posits that individuals tend to report elevated housing satisfaction when their living conditions align with established cultural and familial expectations (Morris & Winter, 1975). As illustrated in Figure 1, residential satisfaction is conceptualized to be composed of two main components: satisfaction with residence and satisfaction with neighborhood.

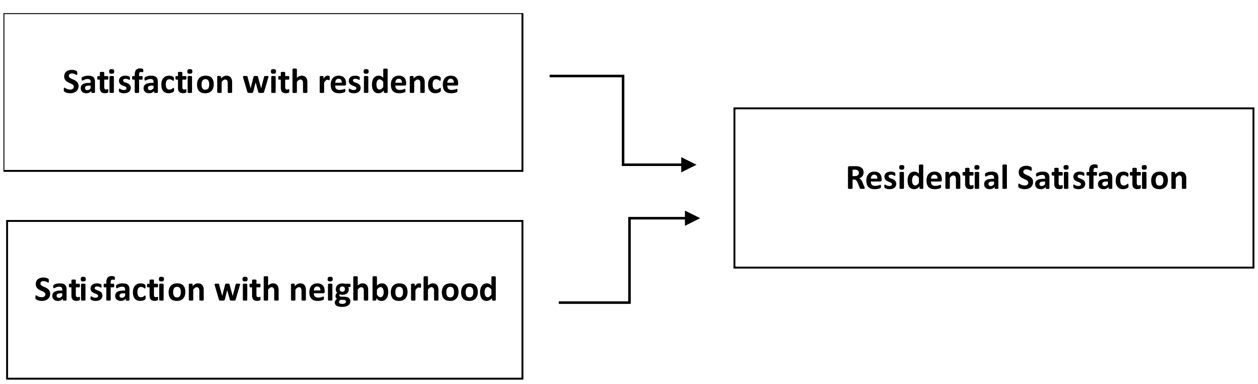


*Figure 1: Components of Residential Satisfaction*

**Factors Influencing Residential Satisfaction**

According to Lu (1999), residents' perceptions of their living conditions play a more significant role in shaping residential satisfaction compared to objective measures of the same. Wang & Li's study in 2004 further elucidates this by highlighting the primacy of neighborhood attributes over specific dwelling features in influencing household preferences and housing decisions. Building on this, Dekker et al. (2011) emphasize the prominence of individual socioeconomic factors over specific estate characteristics when accounting for estate satisfaction.

Residential satisfaction is a complex construct influenced by an array of factors. Beyond the spatial configurations of living and sleeping areas (Ibem & Aduwo, 2013), it's also intricately tied to specific housing characteristics, the overall dwelling size, and the inherent housing quality (Fang, 2006; Li & Wu, 2013; Parkes & Kearns, 2003; Posthumus et al., 2013). Both the type of housing and the inherent financial burden, intrinsically linked to housing quality, play pivotal roles in shaping satisfaction levels (Li & Song, 2009; Lovejoy et al., 2010; Lu, 1999).

In global urban centers like Beijing, Shanghai, and Guangzhou, the rapid transformations have reshaped perceptions of residential spaces. For instance, in Beijing, while new urban developments display modernity, satisfaction derived from redeveloped neighborhoods tends to be low, with unit size and length of stay being significant predictors of satisfaction (Fang, 2006). Conversely, informal settlements in these cities present a unique context where residents' views on satisfaction differ markedly from governmental perspectives (Li & Wu, 2013).

In places like Scotland, residential perceptions play a critical role in housing mobility. Specific residential perceptions influence overall satisfaction with homes and neighborhoods, affecting decisions to move or stay (Parkes & Kearns, 2003). Similarly, in the Netherlands, urban restructuring policies have profound implications on displaced residents' relocation choices, often directing them toward socioeconomically disadvantaged neighborhoods (Posthumus et al., 2013).

Even though some studies state that having increased financial resources can expand the range of choices for residences and their locations, Jansen (2014) states that increased financial resources for home purchase do not necessarily equate to higher satisfaction. This paradox stems from the 'have/want discrepancy' where increased financial capacity often escalates housing expectations, maintaining a gap between current living conditions and desired ones. Additionally, satisfaction is not solely determined by material aspects (Bonaiuto. et al., 1999; Jansen, 2014). Residential satisfaction is often formed by positive connections shaped over time, which emerge from the behavioral, emotional, and cognitive relationships between individuals and their socio-physical surroundings (Bonaiuto. et al., 1999; Dekker et al., 2011). Therefore, while financial resources enable access to better housing, they do not automatically resolve the multifaceted aspects that contribute to residential contentment.

In conclusion, residential satisfaction is influenced not only by the physical attributes or financial considerations of a dwelling or neighborhood but also by socio-cultural, psychological factors, experiences, and the alignment of housing desires with reality. Understanding these nuances is crucial in framing effective housing policies and ensuring residents' well-being.

**Intergenerational Financial Gifts**

Intergenerational financial gifts play a significant role in shaping the housing market dynamics and the subsequent residential satisfaction of individuals. Such transfers are not merely acts of generosity but are often strategically employed to mitigate estate tax liabilities, reflecting a nuanced interplay between fiscal policy and family wealth transmission (Poterba, 2001). The tax incentives for intergenerational giving underline a governmental acknowledgment of the importance of such gifts in supporting intergenerational financial transfers, particularly in the context of home acquisition.

In a detailed exploration of the strategic interaction between intergenerational gifts and housing acquisition, Yukutake et al. (2015) highlight the complex decision-making processes within families. The research illustrates that financial gifts are much more than just simple transactions. It shows that these gifts are intertwined with broader considerations such as informal caregiving and decisions about housing. This strategic interplay highlights the dual role of such gifts. They function as a means to facilitate homeownership and as a mechanism to maintain familial bonds and support systems.

The implications of receiving financial gifts extend beyond immediate housing demand (Luea, 2008). While the receipt of substantial gifts positively correlates with increased housing demand, it also leads to higher housing cost burdens for recipient households. This paradoxical outcome suggests that, while gifts enable the acquisition of more costly homes, they may also place a long-term financial strain on recipients, challenging the simplistic notion that financial assistance unequivocally eases housing affordability (Luea, 2008).

Druta & Ronald (2017) delve into the British context, where the affordability crisis has heightened the importance of parental support in homeownership. Their research paints a complex picture of how young adults negotiate their dependency and autonomy through intra-family financial support. The intergenerational transfers, often perceived as the ‘ideal gift’, are instrumental in smoothing the transition into homeownership, yet they simultaneously renegotiate the boundaries of independence and familial obligation.

Intergenerational financial gifts, while offering a strategic advantage in the housing market, bring with them a set of nuanced implications (Druta & Ronald, 2017). On the one hand, they act as a vital lever in facilitating access to homeownership, particularly in markets where affordability is a growing concern. On the other hand, the receipt of such gifts can lead to increased housing cost burdens and a complex reconfiguration of family dynamics, autonomy, and dependency.

It becomes clear that the benefits and implications of receiving financial gifts for home purchases are multifaceted. Considering the evolving landscape of the housing market, the role of such gifts, and the policies that influence them, such as the ‘jubelton’ in the Netherlands, require scrutiny. The balance between enabling homeownership and fostering equal housing opportunities remains a delicate policy challenge. It must consider the long-term financial well-being of recipient households and the broader societal implications of financial transfer mechanisms.

The literature has also highlighted the significant impact of financial gifts from parents toward home purchase. Such intergenerational financial transfers have been linked with facilitating larger down payments, subsequently enhancing the monetary value and potential quality of the property acquired (Yukutake et al., 2015). Through intergenerational financial gifts for home purchase, home buyers are able to buy higher-priced housing, which increases the availability to meet their residential wishes, such as the size, quality, location, and type of housing, all increasing residential satisfaction (Fang, 2006; Li & Song, 2009; Li & Wu, 2013; Lovejoy et al., 2010; Lu, 1999; Parkes & Kearns, 2003). However, receiving an intergenerational financial gift may also increase the desired living conditions, maintaining the gap between desires and reality (Jansen, 2014; Bonaiuto et al., 1999). And it may increase the financial household burden in the future (Luea, 2008).

## Data

### Data Source

The WoON dataset is an extensive collection of data centered on housing and living conditions in the Netherlands. With over 40.000 cases, the dataset offers an in-depth look into various aspects related to households, housing preferences, housing availability, housing quality, housing costs, and the living environment (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties & CBS, 2021). For this research, the 2021 WoON: 'Wonen langs de meetlat' has been used.

The data collection for the WoON combines online surveys and face-to-face methodologies to ensure a broad reach and inclusivity. Care is taken to ensure the dataset's validity and reliability, with rigorous checks and balances in place.

The 2021 WoON has a total number of 46.658 respondents, ensuring a representative sample of the Dutch population. This vast sample allows for a detailed analysis of residential satisfaction. The privacy of the respondents was maintained throughout the research. The respondents of the WoON survey remained completely anonymous in this research. Access to the dataset and other relevant data was granted by the Ministry of the Interior and Kingdom Relations.

In this study, the focus is specifically on financial gifts from parents or in-laws for home purchases, shaped by the constraints of the government dataset utilized. This dataset included a targeted question about receiving a financial gift from parents or in-laws, but notably, even though grandparents are legally permitted to offer this tax-free financial gift to their grandchildren, the dataset did not extend to financial contributions from grandparents. Consequently, the research boundary was defined by the data's parameters, inherently limiting the investigation to parental and in-law financial support within the context of home buying.

### Data Cleaning Procedure

The dataset underwent a thorough preprocessing phase to ensure its readiness for the logistic regressions. This included the identification and subsequent deletion of missing values within both the dependent and independent variables, as missing data can compromise the integrity of regression analysis.

In 2020, individuals aged 17 (the lowest respondent age) who worked a full week earned a minimum wage of €7.900,68.[1] (Ministerie van Algemene Zaken, 2023). All cases that have values below the minimum wage have been excluded from the dataset. 35 outliers in ‘disposable income’ were identified and removed based on the widely accepted statistical criterion that considers data points as outliers if they are more than three standard deviations away from the mean[2] (Barnett & Lewis, 1994).

Categories with few cases can lead to unstable estimates of effects and increased standard errors. This instability can compromise the accuracy and interpretability of the model. Therefore, the cases in these categories were excluded from the dataset. Within the dataset, 34 cases (0,8%) reported 'primary education' as the highest achieved level of education. Similarly, entries classified under 'unknown' for their highest educational level were also removed, as such indeterminate values contribute little to the analysis of this variable's impact. The age groups ’55-64’, ’65-74’, and ‘74+’ were also under-represented in the dataset with respectively 12 cases (0,3%), 1 case (0,0%), and 0 cases (0,0%). Therefore, these cases were also excluded.

In total, 42.398 cases have been excluded from the dataset leaving the final analysis to be conducted on 4.260 complete cases. This step ensures the highest possible accuracy and reliability of the regression results, minimizing any bias that could be introduced by incomplete data.

[1] The minimum wage 17-year-olds as of the 1st of January was €653,15 per month and as of the 1st of July €663,63 per month. The yearly minimum wage was calculated as follows: €653,15 × 6 + €663,63 × 6 = Yearly minimum wage.
[2] €61.774,52 + 3 × €33.540,48 = €162.395,96

**Descriptive Statistics**

Table 1 outlines the descriptive statistics for this study's independent variables.

*Table 1: Descriptive statistics; independent variables*

| Independent variables | Categories | Frequency | Percent | Cumulative Percent | Mode |
|---|---|---|---|---|---|
| Highest achieved level of education | vmbo, havo/vwo onderbouw, mbo | 190 | 4,5 | 4,5 | havo, vwo, mbo |
| | havo, vwo, mbo | 1500 | 35,2 | 39,7 | |
| | hbo/wo bachelor | 1483 | 34,8 | 74,5 | |
| | hbo/wo master, doctor | 1087 | 25,5 | 100,0 | |
| Ethnicity | Native | 3650 | 85,7 | 85,7 | Native |
| | Non-Western | 328 | 7,7 | 93,4 | |
| | Western | 282 | 6,6 | 100 | |
| Household composition | Single-person household | 632 | 14,8 | 14,8 | Multi-person household with minors |
| | Multi-person household with minors | 2269 | 53,3 | 68,1 | |
| | Multi-person household without minors | 1359 | 31,9 | 100,0 | |
| Age | 17-24 | 176 | 4,1 | 4,1 | 25-34 |
| | 25-34 | 2181 | 51,2 | 55,3 | |
| | 35-44 | 1751 | 41,1 | 96,4 | |
| | 45-54 | 152 | 3,6 | 100,0 | |
| Household size | 1 people | 632 | 14,8 | 14,8 | 2 people |
| | 2 people | 1335 | 31,3 | 46,2 | |
| | 3 people | 834 | 19,6 | 65,8 | |
| | 4 people | 1083 | 25,4 | 91,2 | |
| | 5 or more people | 376 | 8,8 | 100,0 | |
| Receipt of financial gift | Yes | 647 | 15,2 | 15,2 | No |
| | No | 3613 | 84,8 | 100,0 | |
| Gift magnitude | Less than 25.000 | 218 | 33,7 | 33,7 | |

| | | | | |
|---|---|---|---|---|
| 25.000-53.000 | 205 | 31,7 | 65,4 | |
| 53.000-100.000 | 111 | 17,2 | 82,5 | |
| More than 100.000 | 113 | 17,5 | 100,0 | |
| **Dependent variables** | **Mean** | **Standard deviation** | **Minimum** | **Maximum** |
| Disposable income (€) | 60.267,94 | 22.839,58 | 8.417,00 | 160.754,00 |

Satisfaction rates among respondents were generally high, as illustrated in Table 2.

*Table 2: Satisfaction rates among respondents*

| Respondent category | satisfied (%) | not satisfied (%) |
|---|---|---|
| Neighborhood Satisfaction (Financial Gift Recipients) | 89,5 | 10,5 |
| Neighborhood Satisfaction (General) | 89,7 | 10,3 |
| Current Residence Satisfaction (Financial Gift Recipients) | 96,1 | 3,9 |
| Current Residence Satisfaction (General) | 95,1 | 4,9 |

When it comes to neighborhood satisfaction, the satisfaction rate tends to be lower, with small margins, for respondents who have received a financial gift than the general satisfaction rate. For satisfaction of current residence, this is the other way around.

## Methodology

### Binary Logistic Regression

The selection of binary logistic regression for the study was informed by its efficacy in modeling binary outcomes, which was crucial given the research's focus on binary dependent variables: satisfaction with current residence and neighborhood. This method aptly suits the investigation of the influence of financial gifts on these binary aspects of residential satisfaction. Logistic regression's ability to elucidate the probability of satisfaction in these domains makes it a fitting choice, aligning seamlessly with both the research objectives and the data's characteristics. The following model represents the binary logistic regressions that are used:

$$log\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7$$

In the model, $p$ is the probability of people being satisfied with one's residence or neighborhood and $\frac{p}{1-p}$ is the odds ratio. The coefficients $\beta_1$ to $\beta_7$ reflect the impact of each independent variable on the likelihood of residential satisfaction, controlling for other factors. In this regression, there are seven independent variables including one primary predictor variable, the receipt of a financial gift ($X_1$), and six control variables: Disposable income ($X_2$), Highest achieved education level ($X_3$), Ethnicity ($X_4$), Household composition ($X_5$), Age ($X_6$), and Household size ($X_7$).

The formula representing the model that is used when analyzing the influence of gift magnitudes on residential satisfaction is:

$$log\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

In this formula, $p$ is the probability of people being satisfied with one's residence or neighborhood and $\frac{p}{1-p}$ is the odds ratio. The coefficients $\beta_1$ to $\beta_3$ reflect the impact of each independent variable on the likelihood of residential satisfaction. In this regression, the gift magnitude is represented by three dummy independent variables: 25.000-53.000 ($X_1$), 53.000-100.000 ($X_2$), and more than 100.000 ($X_3$). With '0-25.000' as the reference category.

**Ethical Considerations**

This study thoroughly observed all relevant ethical considerations, especially in terms of data privacy and consent for data use. Adherence to the institution's ethical research guidelines was a priority, ensuring that confidentiality and anonymity were upheld for all participants. Sensitive data was handled with the highest degree of care to respect and protect individual rights and privacy.

**Independent Variables**

For this research, two independent variables of interest have been used in separate regressions: *'Receipt of financial gift for home purchase from parents or in-laws'*, coded as 1 (yes) and 2 (no) and '*gift magnitude'*, an original ordinal value recoded as three dummy variables as follows:

*Table 3: Recoding of 'gift magnitude' variable into dummy variables*

| | | **Newly created dummy variables** | | |
|---|---|---|---|---|
| | | *Gift magnitude 1* | *Gift magnitude 2* | *Gift magnitude 3* |
| Original values | *Less than 25.000* | 0 | 0 | 0 |
| | *25.000 - 53.000* | 1 | 0 | 0 |
| | *53.000 - 100.000* | 0 | 1 | 0 |
| | *More than 100.000* | 0 | 0 | 1 |

Numerous independent variables have been used as control variables following the research Ibem & Aduwo's (2013), Li & Wu's (2013), and Rios & Moreno-Jiménez (2012):

*Table 4: Control variables in regression*

| **Control variables** | **Values in the dataset** |
|---|---|
| Ethnicity | ***1****: Native;* ***2****: Non-Western;* ***3****: Western* |
| Household composition | ***1****: Single-person household;* ***2****: Multi-person household with minors;* ***3****: Multi-person household without minors* |
| Highest achieved education level | ***12****: vmbo, havo/vwo onderbouw, mbo 1;* ***21****: havo, vwo, mbo;* ***31****: hbo/wo bachelor;* ***32****: hbo/wo master, doctor;* |
| Age | ***1****: '17-24';* ***2****: '25-34';* ***3****: '35-44';* ***4****: '45-54';* |
| Disposable income (without housing expenditures) | *Numeric value (€)* |

| | |
|---|---|
| Household size | ***1**: 1 people; **2**: 2 people; **3**: 3 people; **4**: 4 people; **5**: 5 or more people* |

In the logistic regressions, the first category of each ordinal variable is considered as the reference category.

**Dependent Variables**:

To determine the influence of the independent variables on residential satisfaction, two dependent variables were included in the regression: *'satisfaction with one's current residence'* and *'satisfaction with one's neighborhood'*. The satisfaction variables (both for residence and neighborhood) were transformed into binary outcomes. Scores indicating satisfaction (1: extremely satisfied, 2: satisfied) were coded as 0 (satisfied), and lower scores (3: neutral, 4: unsatisfied, 5: extremely unsatisfied) were coded as 1 (not satisfied).

**Analysis Strategy**

The study will be conducted in two phases:

1. **Initial Impact Assessment**: in the first phase, two logistic regressions are conducted with *'satisfaction with one's current residence'* and *'satisfaction with one's neighborhood'* as dependent variables. The independent variable of interest in the first phase is *'Receipt of financial gift for home purchase from parents or in-laws'*.
2. **Detailed Analysis of Gift Magnitudes**: in the second phase, again, two logistic regressions are conducted with *'satisfaction with one's current residence'* and *'satisfaction with one's neighborhood'* as dependent variables. In this phase, the independent variable of interest is *'gift magnitude'*. As the impact of the control variables on residential satisfaction has already been tested in the first phase of the study, they will be left out in the second phase. The impact of the difference in gift magnitude will solely be tested.

## Results

### Initial Impact Assessment

***Satisfaction with Current Residence:***

The first logistic regression analysis examined the influence of receiving a financial gift on satisfaction with one's current residence. The following key findings were observed:

*Table 5: Outcomes of first regression analysis of the first phase*

| Variable | Category | B | S.E. | Sig. |
|---|---|---|---|---|
| Disposable income | Disposable income | 0,000 | 0,000 | 0,000 |
| Highest achieved education level | havo, vwo, mbo | -0,558 | 0,275 | 0,043 |
| | hbo/wo bachelor | -0,542 | 0,285 | 0,057 |
| | hbo/wo master, doctor | -0,563 | 0,309 | 0,069 |
| Ethnicity | Non-Western | 0,799 | 0,208 | 0,000 |
| | Western | 0,037 | 0,310 | 0,904 |
| Household composition | Multi-person household with minors | 0,652 | 0,310 | 0,035 |
| | Multi-person household without minors | 0,207 | 0,475 | 0,663 |
| Age | 25-34 | -0,011 | 0,336 | 0,974 |
| | 35-44 | -0,316 | 0,365 | 0,386 |
| | 45-54 | -0,089 | 0,520 | 0,864 |

| | | | | |
|---|---|---|---|---|
| Household size | 2 people | 0,052 | 0,228 | 0,819 |
| | 3 people | 0,181 | 0,250 | 0,468 |
| | 4 people | -0,183 | 0,280 | 0,514 |
| | 5 or more people | 0,644 | 0,310 | 0,038 |
| receipt of financial gift | receipt of financial gift | 0,391 | 0,223 | 0,080 |

The variable indicating the receipt of a financial gift from parents showed a positive coefficient (*B*=0,391), although it was not statistically significant (*p*=0,080). This suggests a tendency for those who received a financial gift to be less satisfied with their residence, but the evidence is not strong enough to confirm this as a significant factor.

Income was a significant predictor of satisfaction with current residence (*p*=0,000). However, the coefficient was so small (*B*=0,000), that the impact of disposable income is negligible. Respondents in the category 'havo, vwo, mbo' showed a higher satisfaction rate with a coefficient of -0,542 and a p-value of 0,043 compared to respondents in the 'vmbo, havo/vwo onderbouw, mbo' category. The category identified as 'Non-Western' had a positive coefficient (*B*=0,799) and a p-value of 0,000 which implies that non-Western respondents were overall less satisfied than native or Western respondents. This outcome supports the study of Rios & Moreno-Jiménez (2012). Supporting Ibem & Aduwo (2013), households with minors turned out to be less satisfied than single-person households or multi-person households without minors. Age did not influence residential satisfaction. Households in the category '5 or more people' reported overall lower satisfaction rates with their current residence with a coefficient of 0,644 and p-value of 0,038. This outcome lends support to the study of Ibem & Aduwo (2013) which states that larger households are overall less satisfied.

The R Square value was 0,052, suggesting that the model explains approximately 5,2% of the variance in satisfaction of current residence.

The model correctly classified 95.1% of the cases, but this high percentage is primarily due to the high proportion of satisfied respondents in the dataset. The model predicted 100% satisfaction among respondents.

The analysis suggests that while receiving a financial gift from parents for purchasing a house does not have a statistically significant impact on residential satisfaction, other factors such as the highest achieved education level, ethnicity, household composition, and household size play a more noticeable role. The predictive power of the model is limited, indicating that residential satisfaction is influenced by a complex interplay of various factors.

***Satisfaction with Neighborhood:***

The first logistic regression analysis examined the influence of receiving a financial gift on satisfaction with one's current residence. The following key findings were observed:

*Table 6: Outcomes of second regression analysis of the first phase*

| Variable | Category | B | S.E. | Sig. |
|---|---|---|---|---|
| Disposable income | Disposable income | 0,000 | 0,000 | 0,003 |
| Highest achieved education level | havo, vwo, mbo | -0,097 | 0,237 | 0,682 |
| | hbo/wo bachelor | -0,240 | 0,243 | 0,322 |
| | hbo/wo master, doctor | -0,010 | 0,251 | 0,969 |
| Ethnicity | Non-Western | 0,449 | 0,168 | 0,008 |
| | Western | 0,126 | 0,206 | 0,540 |
| Household composition | Multi-person household with minors | -0,740 | 0,168 | 0,928 |

| | | | | |
|---|---|---|---|---|
| | Multi-person household without minors | 0,217 | 0,165 | 0,188 |
| Age | 25-34 | -0,221 | 0,222 | 0,320 |
| | 35-44 | -0,418 | 0,237 | 0,078 |
| | 45-54 | -0,917 | 0,428 | 0,032 |
| Household size | 2 people | 0,220 | 0,163 | 0,178 |
| | 3 people | -0,049 | 0,186 | 0,792 |
| | 4 people | -0,257 | 0,199 | 0,196 |
| | 5 or more people | 0,207 | 0,238 | 0,384 |
| receipt of financial gift | receipt of financial gift | 0,102 | 0,143 | 0,476 |

'Receipt of financial gift' showed not to be a significant predictor of one's satisfaction with the neighborhood.

Disposable income has a significant influence on satisfaction with one's neighborhood (*p*=0,003) with a coefficient of 0,000. The B-value is so small that this impact is negligible. Highest education level achieved did not impact neighborhood satisfaction. Respondents with a non-Western ethnicity showed lower satisfaction rates compared to native respondents (*B*=0,449) and (*p*=0,008), supporting the study of Rios & Moreno-Jiménez (2012). Household composition did not show a significant effect on neighborhood satisfaction. The age category '45-54' showed an overall higher satisfaction with a coefficient of -0,917 and a p-value of 0,032. Household size did not influence satisfaction levels.

The model explains a small proportion (2,4%) of the variance in neighborhood satisfaction, as indicated by the R Square value (0,024).

The overall predictive power of the model is limited, as indicated by the low R-squared values. Income appears to be a significant predictor, but its practical impact on satisfaction is negligible, as suggested by the low coefficient value. Ethnicity and age did impact satisfaction with one's neighborhood.

**Detailed Analysis of Gift Magnitudes**

***Satisfaction with Current Residence:***

As can be seen in Table 7, The logistic regression analysis did not reveal a statistically significant impact of financial gift magnitudes on satisfaction with current residence.

*Table 7: Outcomes of first regression analysis of the second phase*

| Variable | Category | B | S.E. | Sig. |
|---|---|---|---|---|
| Gift Magnitude | 25000-53000 | -0,356 | 0,536 | 0,506 |
| | 53000-100000 | 0,447 | 0,518 | 0,389 |
| | more than 100000 | -0,457 | 0,677 | 0,500 |

This suggests that the amount of financial gift received for home purchase does not significantly affect the likelihood of satisfaction with current residence when compared to the reference category of less than 25.000 euros.

The R squared value was 0,015, suggesting that the model explains approximately 1,4% of the variance in satisfaction of current residence.

***Satisfaction with Neighborhood:***

As can be seen in Table 8, the results suggest a non-significant impact of financial gift amounts on neighborhood satisfaction.

*Table 8: Outcomes of second regression analysis of the second phase*

| Variable | Category | B | S.E. | Sig. |
|---|---|---|---|---|
| Gift Magnitude | 25000-53000 | -0,283 | 0,299 | 0,344 |

| | | | |
|---|---|---|---|
| 53000-100000 | -0,720 | 0,416 | 0,084 |
| more than 100000 | -0,739 | 0,416 | 0,076 |

The analysis implies that the size of financial gifts for home purchase does not significantly predict neighborhood satisfaction levels. Although the results are not significant, we observe a pattern of a decreasing coefficient and an increasing significance when the gift magnitude is increasing, implying that the larger the financial gift, the lower the likelihood that people are dissatisfied with their neighborhood. This pattern deserves to be highlighted, though it is important to note that firm conclusions regarding this outcome cannot be drawn.

The model accounted for 1,7% of the variance in the satisfaction with the neighborhood, as indicated by an R-squared value of 0,017.

## Discussion

The results suggest that the relationship between financial gifts and residential satisfaction is not straightforward. Despite expectations that increased financial resources through gifts might lead to greater satisfaction, the findings do not support this hypothesis. This contradicts the study of Ibem & Aduwo (2013) which states that residential satisfaction is mainly determined by housing characteristics. Instead, the insignificant results for receiving a financial gift imply that factors other than financial capacity might play a more significant role in shaping residential satisfaction. The highest achieved level of education, ethnicity, household composition, age, and household size turned out to be significant predictors of either satisfaction with current residence or satisfaction with neighborhood, which is in line with the existing literature (Ibem & Aduwo, 2013; Li & Wu, 2013; Rios & Moreno-Jiménez, 2012). According to Lu (1999), residential satisfaction mostly emerges from the perceptions residents have of their residence and neighborhood, not the objective properties that could be increased by higher financial resources. As indicated by the low R-squared values of the regressions, this observation aligns with psychological theories that posit residential satisfaction as a result of personal experiences and subjective well-being, rather than merely material wealth. Furthermore, the findings might lend support to the 'have/want discrepancy' theory (Jansen, 2014), which posits that an increase in financial resources often raises expectations for housing, maintaining a disparity between actual living conditions and those desired. It could even increase this gap because although it could help with home purchase, it can lead to stress due to high housing cost burdens and therefore may even result in lower overall satisfaction as pointed out by Luea (2008). Within the group that has received a financial gift, there is no evidence of the gift magnitude influencing residential satisfaction.

This study underlines that residential satisfaction is influenced by a complex mix of factors. Additionally, this study contradicts the studies that state that residential satisfaction is primarily influenced by factors that determine the tangible characteristics of the residence and the neighborhood. It challenges the mainstream perception that more financial resources inevitably lead to higher satisfaction. Instead, it points towards the importance of experiential and psychological factors in shaping individuals' residential satisfaction.

Given that financial gifts from parents or in-laws do not significantly influence residential satisfaction, the abolition of the tax-free gifting system in the Netherlands likely has minimal impact on the levels of residential satisfaction.

## Conclusion

### Limitations

This study, while offering valuable insights, has limitations that must be acknowledged. Firstly, a notable limitation of this study stems from the data's scope. The government dataset used specifically queried financial gifts from parents or in-laws for home purchases, without including potential contributions from grandparents. This exclusion was not a deliberate choice for this study's design, but a constraint imposed by the available data. As such, the findings are reflective only of the dynamics between home purchasing and financial gifts from these two family member groups, leaving the potential impact of grandparental financial assistance unexplored. Secondly, the reliance on self-reported data for measuring residential satisfaction introduces potential biases, as subjective perceptions of satisfaction can vary significantly among individuals. Additionally, the study's focus on the Dutch housing market limits the generalizability of its findings to other cultural and economic contexts. The quantitative nature of the analysis may also overlook nuanced individual experiences that qualitative methods could capture. Furthermore, the study does not account for long-term satisfaction trends post-receipt of financial gifts, which could offer a more comprehensive understanding of their impact. Lastly, according to the theory, length of stay is one of the main predictors of residential satisfaction. However, this was not covered in the available data. Therefore, length of stay could not be included in this research as a control variable.

**Recommendations for Future Research**

To enhance our understanding of residential satisfaction, it is essential to conduct further qualitative research. In-depth interviews focusing on the psychological, experiential, and socio-economic factors affecting residential satisfaction would provide more comprehensive insights into the complex nature of residential satisfaction.

Although the pattern observed in the outcome of the logistic regression, between gift magnitudes (independent variable) and satisfaction with the neighborhood (dependent variable), did not reach statistical significance, it remains important to pursue further research on this topic.

**Approach to Residential Satisfaction**

This thesis investigated the relationship between financial gifts for home purchases and residential satisfaction in the Netherlands. It revealed that receiving a financial gift does not per se equate to higher residential satisfaction. This finding challenges the assumption that financial capacity is the key to residential satisfaction, emphasizing the role of psychological and experiential factors. The study also highlights the complexities introduced by intergenerational financial transfers, particularly in the context of recent tax changes. These insights suggest that improving residential satisfaction requires a multifaceted approach, beyond mere financial considerations. Instead, it points towards the importance of experiential and psychological factors in shaping individuals' residential satisfaction. Future research should further explore these dynamics, particularly through qualitative methods, to fully understand the factors influencing residential satisfaction. This work contributes significantly to the discourse on housing satisfaction and intergenerational wealth, underscoring the need for comprehensive policy and planning in the housing sector. All in all, this research lends support to the well-known saying: 'Money can't buy happiness'.

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