

POLICY BRIEF

A Tale of Two Crises: COVID-19 and Climate Change

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Executive Summary

- The COVID-19 crisis did not change Swiss homeowners' intentions related to energy-efficient retrofits.
- During the COVID-19 crisis, concerns for climate change still exceed concerns for COVID-19.
- Respondents concerned with COVID-19 are older compared to those concerned with climate change.
- The important concerns for climate change, even during the COVID-19 crisis, support the idea a green economic stimulus package might have large political support.

Outline

Prior to March 2020 when the COVID-19 crisis engulfed Switzerland and much of the world, the Swiss Energy Strategy 2050, was at the top of the political agenda. Considering the pandemic crisis and the need to stimulate the economy, several political actors proposed directing the government stimuli funds toward environmental projects to accelerate the energy transition (NZZ, 2021). One sector considered particularly promising for such stimuli is the building sector because in Switzerland, the build-

ing sector generates close to one-third of all greenhouse gas emissions (FOEN and SFOE, 2020). As a result, energy-efficient retrofits have one of the largest potentials to reduce the Swiss carbon footprint. Energy-efficient retrofits are, however, a hard sell for many homeowners because they are often complex and expensive projects. This lack of attractiveness might have been exacerbated by the COVID-19 crisis, which led to consumers facing uncertain job prospects and consumers of all income groups lowering their expenditures (Konjunkturforschungsstelle ETH Zürich, 2021).

Using a large survey of homeowners living in the Canton of Zurich, we analysed how the COVID-19 crisis affected their decisions related to energy efficiency and their most important health and environmental concerns. We conducted two waves of the survey among a population of more than 3,000 homeowners. The first wave was conducted in January 2020, and the second wave was in December 2020.¹

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¹ In the second wave, 409 homeowners responded. The sample is representative of the general homeowner population with respect to household size and has a slightly higher average respondent age.

The COVID-19 crisis did not significantly change people's plans for renovating their homes

In the first wave of the survey, weeks before the COVID-19 crisis started, we asked detailed questions about homeowners' plans to renovate their homes and whether they intended to perform energy-efficient retrofits (such as changing the heating system or insulating the roof) or non-energy-related retrofits (e.g. replacing the kitchen cabinets).² In December 2020, we followed up with the same households and asked how the health crisis had changed their renovation plans.

For most of the sample, the COVID-19 crisis did not change their plans to renovate their homes. Specifically, 89% of respondents did not change their plans, only 5% of respondents postponed their retrofits due to COVID-19, and the remaining 6% planned additional new projects due to COVID-19. Just prior to the crisis, about one-third of the sample declared they planned an energy-efficient retrofit in the next five years. This proportion thus remained relatively constant over time (see Figure 1).

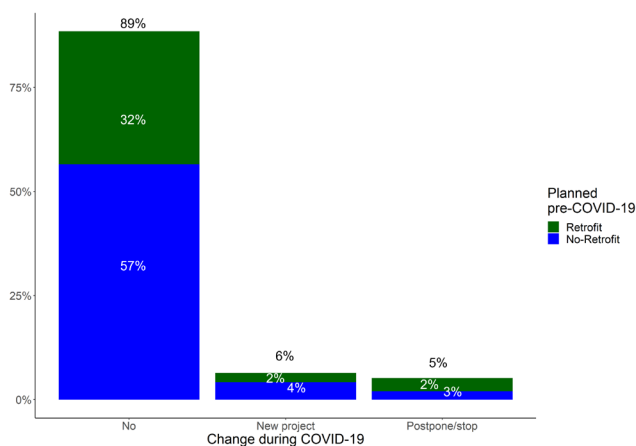


Figure 1: Change in retrofit plans due to COVID-19

Concerns for COVID-19 did not supersede concerns for climate change; both concerns coexist

In the second wave of the survey, we also elicited perceptions and knowledge of different health and environmental risks. Out of the risks related to their homes and comparable general risks, climate change and COVID-19 were the two risks respondents perceived as the most concerning.³

The results about the knowledge of the different risk factors showed similar patterns. Respondents stated they know the most

about climate change; COVID-19 came as second. The perception and knowledge of different risk factors show the importance of both climate change and COVID-19 to homeowners. However, although the COVID-19 crisis has been a very salient public health and economic issue in the last year, it did not overtake pre-existing concerns for climate change.⁴

Respondents concerned about COVID-19 are not the same as those concerned about climate change

For the two major risk factors, climate change and COVID-19, there are important risk-perception variations across demographic groups. One-third of the respondents have an equal risk perception of COVID-19 and climate change, one-third stated climate change poses the highest risk, and the remaining one-third responded COVID-19 is the highest risk. We analysed the demographic heterogeneity between those groups using a regression analysis. Results indicate COVID-19 is primarily perceived as an important risk for older respondents, and the high concerns about climate change are independent of age. Climate change's risk perception is associated with a higher education. Full-time employed respondents, in contrast to pensioners or part-time employees, have a lower level of concern for climate change. For both risks, household income is not strongly correlated with risk perception. In sum, the most notable difference between those respondents concerned about COVID-19 compared to those concerned about climate change is the respondent's age.

With respect to risk knowledge, we also observe differences across demographic groups, but the patterns have some significant differences compared to risk perception. For both COVID-19 and climate change, higher household income is associated with more knowledge about the two risk factors. This effect is three times as strong for COVID-19 as for climate change. In both cases, knowledge is positively correlated with perceived risk (more knowledge implies a higher risk perception).

The main difference for risk perception between COVID-19 and climate change is, again, the respondent's age. For both variables, higher knowledge about the risk factor is associated with a higher risk perception. Household income is associated with a higher risk knowledge, but it does not influence the actual perception of the risk.

Implications and Policy Recommendations

Homeowners' retrofit plans did not change significantly due to COVID-19, and this is an encouraging result. We should expect

² Importantly, we selected a sample of homeowners living in buildings constructed prior to 1990. This ensured all buildings could have a high potential for renovations.

³ We asked survey takers about their perception of different risk factors related to their home on a 5-point scale (1: lowest risk to 5: highest risk). Risk factors related to respondents' homes were, for example: radon emissions or indoor air quality. We also asked about general risk factors not directly related to their homes; we used these for a comparison benchmark. These risks were crime, stress, climate change, and COVID-19. Out of all the risk factors, climate change was ranked the highest and COVID-19 the second highest with a score of 2.9/5 and 2.7/5, respectively.

⁴ We asked respondents about their knowledge concerning the same risk factors we used to elicit risk perceptions. We also used a 5-point scale (1: lowest level of knowledge to 5: highest level of knowledge). Climate change has a mean knowledge score of 3.8; COVID-19 has a score of 3.7.

the current portfolio of energy-efficiency policies and subsidy schemes to have a similar effect as in the pre-COVID era. Even though the COVID-19 crisis's effect was and continues to be very salient, climate change remains the most important concern for our survey respondents. The fact homeowners with a high level of risk perception for climate change are not the same as those who are concerned about COVID-19 suggests we should not prioritise COVID-19-related stimulus at the cost of climate change policies. Persistent support for the climate change issue also reinforces the idea of a green economic stimulus to address the COVID-19 crisis.

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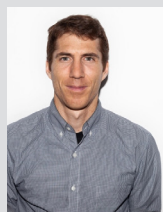
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