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Why retrofitting homes will be difficult for low income households

Updated / Monday, 8 Nov 2021 14:01



'Less than a third of all low disposable income households were aware of the availability of retrofit grants.'

Opinion: are we doing enough to support low income households in the transition to energy efficiency?

By Olive McCarthy & Ashley Amato, UCC

Budget 2022 committed €202 million in carbon tax revenue to fund the Sustainable Energy Authority of Ireland (SEAI) residential and community retrofit schemes. €109 million of this will be used to provide free energy efficiency upgrades to households that experience, or are at risk of experiencing, energy poverty. The government has also committed to introduce a new low-cost loan scheme for residential retrofitting. But are these measures enough to support households on low incomes to transition to greater energy efficiency and ultimately cut the cost of household energy?

In Ireland, energy poverty arises due to inadequate household resources to cover living costs and low energy efficient homes. Those most vulnerable to energy poverty include the elderly, disabled, young children and single parents, with low-income households being the most affected. According to TASC, carbon taxes, based on the consumption of carbon-emitting fuels such as coal, peat, oil and gas, directly impact those living in energy poverty and in inefficient housing. The Programme for Government states that Irish carbon tax will continue to increase annually by €7.50 per tonne until 2030.

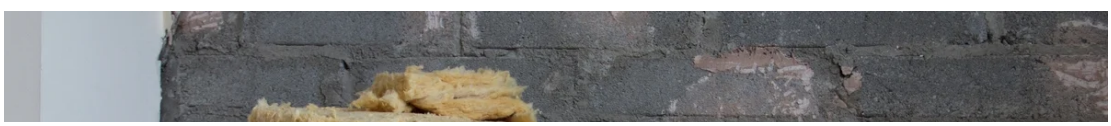
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From RTÉ One's Claire Byrne Live, would you spend €26,000 to retrofit your house, if it cut your energy bills by 35%?

To ensure these increases do not further exacerbate energy poverty, €3 billion will be spent on social welfare and energy poverty initiatives and €5 billion will part fund a socially progressive national retrofitting programme with a focus on social and low-income tenancies. While this approach is informed by a 2020 ESRI study, TASC argues that the necessary data to ensure that the design of carbon tax does not further aggravate energy poverty is lacking and calls for an updating of Ireland's National Energy Poverty Strategy 2016-2019.

A lack of access to finance is considered a key barrier for low income households to invest in energy efficiency measures. This, in turn, prevents a reduction in energy bills which could increase disposable income. The availability of grant assistance and tailored loans is seen as a way to offer supports to low income households to engage in energy upgrades.

In Ireland, energy efficiency grants and loans are offered to households to incentivise homeowners to retrofit. Upgrades include insulation, new windows and doors, heating controls and solar panel installation. Free energy upgrades through the SEAI are available to those in receipt of certain welfare payments. About one third of the cost of an energy upgrade is grant-aided for all others. Green energy home improvement loans are available to homeowners from many Irish banks and credit unions. These loans are often used to supplement the SEAI grants, as the money is required for the works upfront and the actual grant is received after the works are completed.





From RTÉ Radio 1's Morning Ireland, Cian McCormack looks at if 500,000 homes can be retrofitted by 2030

Our research examined the views of 120 households with low disposable income who are active clients of the North Dublin Money Advice and Budgeting Service (MABS). Inadequate disposable income emerges strongly as a key barrier to engagement with retrofitting schemes for these households. A little under two thirds of those surveyed qualified for free upgrades but a mere 8% had availed of the supports, mostly in the form of lagging jackets, low energy light bulbs and attic insulation. Over a third of those surveyed did not qualify for free upgrades and were already financially squeezed with no scope to engage in upgrades. These households were either unable or unwilling to access credit to upgrade their homes.

Less than a third of all low disposable income households were aware of the availability of retrofit grants. Almost 90% said that the cost of the work was either an important or very important factor in the household decision to engage in energy upgrades while half of all households were unlikely or very unlikely to invest in any kind of retrofitting. Promisingly, almost all households had changed aspects of household energy consumption behaviour, such as turning off the heating, turning off lights, taking shorter showers and switching off unused devices, showing a strong awareness of strategies to reduce energy consumption and a willingness to engage.

02:32

From RTÉ Six One News, retrofitting homes is set to be a key part of the Govenment's new climate action plan

Our findings strongly suggest that financial incentives alone, or indeed, free retrofitting, as provided for in Budget 2022, will not be enough. A wider range of tailored measures that complement what is proposed in the Budget will be necessary to reach and support low disposable income households to transition to energy upgrades.

While the provision of financial supports is fundamentally important, one on one advice will be critical to provide more information on how to save energy and on the benefits that can accrue to households from doing so. The introduction of Community Energy Advisors, as recommended by the SVP in its submission to the Climate Action Plan 2021, will greatly help in reaching households that are least able to avail of existing schemes.

According to the Nevin Institute, a just transition requires social interventions to prevent poorer households from bearing the burden of the transition to a low-carbon economy. A more holistic approach to the provision of supports, taking into account individual circumstances and capacities, is now needed.

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Dr Olive McCarthy is a senior lecturer and director of the Centre for Co-operative Studies at the Cork University Business School at UCC, and co-director of the MSc in Co-operatives, Agri-Food and Sustainable Development. Ashley Amato is a research assistant at the Centre for Co-operative Studies at the Cork University Business School at UCC.

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