COTA TASMANIA
for older Australians

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Submission: Draft Modular Housing Finance Guarantee Bill 2026

1. Overview

COTA Tasmania supports the objective of improving access to finance for modular housing. Modular construction has considerable potential to increase housing supply, reduce construction times and provide smaller, more accessible and energy-efficient housing options.

These advantages could be particularly valuable for older Tasmanians seeking to:

- right-size from a larger or unsuitable home;
- replace ageing housing that is expensive to maintain;
- establish an accessible dwelling that supports ageing in place;
- build closer to family or informal support networks; or
- secure suitable housing in a regional community where conventional construction can be costly and difficult to obtain.

However, the draft Bill is primarily enabling legislation. Important matters, including purchaser eligibility, guarantee limits, the scope of eligible loans, builder-approval requirements and the operation of the guarantee, will be determined through regulations, guidelines, approved documents and the proposed Deed of Guarantee.

COTA Tasmania is concerned that the legislation could be enacted before the equity, accessibility, and consumer-protection settings of the scheme are visible.

We recommend that core principles be established in the legislation and that the substantive scheme rules be available for public consultation and parliamentary consideration alongside the Bill, rather than deferred until after its passage.

2. About COTA Tasmania

Council on the Ageing (COTA) Tasmania is the leading voice for older Tasmanians. We are an independent, not-for-profit organisation working to advance the rights, interests and wellbeing of older people and to ensure their experiences inform public policy, services and community decision-making.

Our policy and advocacy are informed by direct engagement with older Tasmanians, COTA members, community organisations and service providers across the State. This work reflects the diversity of older people's circumstances, including people living in rural and regional communities, people on low or fixed incomes, people with disability, carers, renters and homeowners.

Safe, secure, affordable and appropriate housing is fundamental to ageing well. Housing affects older people's health, independence, financial security, social connection and ability to remain in their communities.

COTA Tasmania therefore has a strong interest in ensuring that initiatives intended to expand housing supply and choice are accessible to older people, incorporate adaptable design, and include effective consumer protections.

3. Detailed Comments

3.1 Purpose and guiding principles

The draft Bill contains no objects or principles provision identifying the public-policy outcomes the scheme is intended to achieve.

COTA Tasmania recommends that the Bill include an objects provision recognising that the scheme is intended to:

- improve access to secure and affordable housing;
- increase housing choice;
- support accessible and adaptable housing;
- provide equitable access for people in regional and rural Tasmania;
- protect purchasers from unreasonable financial and construction risks; and
- ensure responsible and transparent use of the State guarantee.

Including these principles in the Act would help guide future regulations and administrative decisions and ensure that the scheme delivers affordable and appropriate housing outcomes, as well as improving access to finance for modular construction.

3.2 Eligibility of older purchasers

Section 3 defines an eligible purchaser as a natural person who meets any prescribed criteria. Those criteria will be fundamental to whether older Tasmanians can benefit from the scheme.

Public statements about the initiative have placed considerable emphasis on first-home buyers. While assisting first-home buyers is important, the scheme should not be restricted to that group.

Older Tasmanians may own land or an existing home but still be unable to obtain conventional finance for a modular dwelling.

They may need to right-size, replace an unsuitable home, or construct housing that better accommodates disability, reduced mobility or changing support needs.

COTA Tasmania recommends that:

- eligibility not be restricted to first-home buyers;
- there be no arbitrary upper age limit;
- older people seeking to establish an accessible or more suitable principal residence be expressly eligible;
- eligibility settings recognise people on pensions and other fixed incomes; and
- regional applicants not be disadvantaged by property valuations or higher transport, site-preparation and connection costs.

A State guarantee will not, by itself, overcome conventional loan-serviceability requirements. The Government should consider whether complementary measures are needed for people who could sustainably meet housing costs but remain unable to satisfy standard lending criteria.

3.3 Accessible and adaptable housing

The proposed scheme represents an opportunity to increase Tasmania's supply of housing that is suitable across the life course.

Homes supported by a State guarantee must comply with the building and liveable-housing requirements applicable in Tasmania. The scheme should also promote accessible and adaptable design, including step-free entrances, accessible internal circulation, appropriately designed bathrooms, reinforced bathroom walls for future grab rails, and designs that can be modified as occupants' needs change.

Liveable Housing Australia's 'Liveable Housing Design Guidelines' (fourth edition) describe Silver, Gold and Platinum performance levels, providing benchmarks for progressively greater accessibility and adaptability. These guidelines should be distinguished from the mandatory National Construction Code requirements. Tasmania is implementing the Liveable Housing Design Standard in stages, with the final phase scheduled from 1 October 2026, subject to applicable exemptions and transitional arrangements.[i]

COTA Tasmania recommends that the scheme specify clear accessibility and adaptability criteria, consistent with applicable building requirements, and consider priority or more favourable guarantee arrangements for homes delivering enhanced accessibility, informed by the Gold and Platinum levels of the Liveable Housing Design Guidelines.

Approved builders should also be able to demonstrate competence in accessible and adaptable design where they offer homes intended for older people or people with disability.

This would help increase the supply of homes that support people across their lifespan, enabling older Tasmanians to remain safely and independently in their communities, close to family, social networks and local supports as their needs change.

3.4 Scope of eligible costs

Section 5 requires an eligible loan to relate to a contract covering the modular home from design to practical completion. However, it is not yet clear which costs will be eligible for finance or covered by the guarantee.

For modular housing to be a realistic option, the scheme may need to accommodate:

- design and approval costs;
- site preparation and foundations;
- manufacture and assembly;
- transport to the site;
- installation;
- connection to electricity, water, sewerage and telecommunications;
- accessibility modifications; and
- certification and completion costs.

These costs can be substantial, particularly in rural and regional Tasmania. A scheme that guarantees only the factory-manufacturing component may leave purchasers with an unfinanceable gap.

The regulations and scheme documents should clearly define eligible costs and recognise the full cost of delivering a completed, safe and habitable home. Purchasers should receive an itemised explanation of costs included in the loan, the extent of guarantee coverage and any costs they must meet separately, so they can compare options and make an informed choice.

3.5 Consumer protection and approved builders

COTA Tasmania supports the requirement in section 7 for a public list of approved builders and any conditions attached to their approval. However, inclusion on a government register is likely to be interpreted by consumers as a strong indication that a builder is financially sound, competent and trustworthy.

The scheme should identify which agency will maintain and verify the register and how it will work with the relevant building and occupational licensing regulator. Published procedures should specify the frequency of checks, responsibility for verifying approval conditions, and prompt updates when a builder’s licence, approval, insurance or financial circumstances change.

Approval should therefore involve robust assessment and ongoing monitoring of:

- licensing and qualifications;
- financial capacity and solvency;
- insurance and warranty arrangements;
- experience with modular construction;
- history of defects, complaints or incomplete projects;
- capacity to manage the entire construction process; and
- compliance with accessibility, safety and consumer-protection requirements.

The scheme must also address what happens if an approved builder becomes insolvent, loses approval or fails to complete a home. Purchasers should not be left with significant debt, an unfinished structure and no effective remedy.

There should be a clearly identified contact point, available by telephone as well as online, for purchasers facing builder failure, defects or incomplete work. Scheme information should explain the respective responsibilities of the scheme administrator, the relevant building regulator and financial complaints bodies, and provide coordinated referral to the appropriate service. Purchasers should have access to independent complaints and dispute resolution without having to navigate these organisations unaided.

The scheme should also clarify responsibility where different entities undertake manufacture, transport, site works and installation. Consumers should have a clearly identifiable contracting party responsible for delivery of the completed home and should not bear the risk of gaps between separate contractors.

3.6 Clear disclosure of the guarantee’s effect

The expression “housing finance guarantee” could reasonably lead consumers to believe that the Government is protecting them against financial loss.

Section 8 instead authorises the State to guarantee repayment by the purchaser to the lender. Before a guarantee is given, the purchaser may also be required to execute deeds and other instruments specified by the Treasurer.

- Purchasers must be clearly informed that:
- the guarantee is principally intended to address the lender's risk during off-site construction;
- it does not necessarily protect the purchaser from loss;
- the purchaser remains responsible for the loan;
- the consequences of the guarantee being called may include recovery action; and
- the guarantee does not replace ordinary building warranties, insurance or consumer rights.

These matters should be explained in mandatory plain-language disclosure material before a purchaser enters an eligible loan or construction contract.

Applicants should also have access to independent financial and legal advice, with appropriate hardship protections where a purchaser's circumstances change.

3.7 Consultation and transparency

Given the amount of substantive detail deferred to regulations and administrative documents, COTA Tasmania recommends that:

- draft regulations, substantive scheme guidelines and key consumer-facing documents be released for public consultation and parliamentary consideration alongside the Bill, with the complete framework settled and published before the scheme opens;
- eligibility criteria and guarantee limits be publicly available;
- the approved form and essential content of eligible loan agreements be transparent;
- material changes to the scheme be subject to consultation;
- the scheme be independently reviewed after an initial period of operation to assess its effectiveness in addressing gaps in affordable and appropriate housing options, including for older Tasmanians; and
- annual reporting include the number and value of guarantees, geographic distribution, purchaser demographics, defaults, payments from the Public Account and housing outcomes.

Reporting should include age and regional data, subject to privacy protections. Evaluation should assess whether the scheme is increasing access to affordable, accessible and adaptable housing for older Tasmanians, including in regional communities, rather than measuring success solely by the number or value of guarantees issued. It should examine completed housing outcomes and barriers faced by eligible people who are unable to use the scheme.

4. Conclusion

COTA Tasmania supports the Government's efforts to address financing barriers that have constrained modular housing.

Properly designed, the scheme could expand housing choice and enable more Tasmanians to obtain homes that are affordable, accessible and suitable for their changing needs.

However, the benefits will depend largely on eligibility, accessibility, consumer-protection and implementation settings that are not yet contained in the draft Bill. Those matters should not be treated simply as administrative detail.

COTA Tasmania recommends that core public-interest principles be incorporated into the legislation, that the substantive scheme rules be considered alongside the Bill, and that the complete framework be subject to public consultation and published before the scheme opens.

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[i] Liveable Housing Design Guidelines (2017), pp. 11–12; CBOS: staged implementation of the Liveable Housing Design Standard