

DRAFT Second Reading Speech**Modular Housing Finance Guarantee Bill 2026**

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Madam Speaker,

I move that the Bill now be read a second time.

This Bill establishes the legislative framework for the Modular Housing Finance Guarantee Scheme, an initiative designed to improve access to finance for eligible modular housing projects in Tasmania and support the delivery of additional housing supply.

Tasmania, like many jurisdictions, continues to face housing supply challenges. While the Government is investing significantly in measures to increase the supply of housing, there remains a need to support innovative approaches that can improve the speed and efficiency with which homes are delivered.

Modular housing has the potential to play an important role in meeting these challenges. By enabling portions of a home to be constructed off-site in a controlled manufacturing environment, modular construction can reduce build times and support greater efficiency.

Despite these benefits, financing arrangements for modular housing can present challenges.

Traditional construction lending is designed around a process where value is progressively added to land through work undertaken on-site. In contrast, much of the value of a modular home is created off-site before the dwelling is delivered and installed on the site.

As a result, some lenders are reluctant to provide finance, or apply more restrictive lending conditions, because the dwelling is not available as a conventional mortgage security for part of the construction process.

Where a person would otherwise qualify for housing finance, they should not face unnecessary barriers simply because they have chosen a modular home.

The purpose of this Bill is to help address that issue by establishing a framework under which the Treasurer may provide guarantees to participating lenders in respect of eligible modular housing projects.

The Bill authorises the Treasurer, on behalf of the State, to provide guarantees in respect of eligible loan agreements that meet prescribed requirements.

The Modular Housing Finance Guarantee Scheme is intended to operate during the off-site construction phase of a modular housing project, when the dwelling does not

yet form part of the lender's mortgage security. The guarantee is not intended to replace commercial decision-making by lenders. Rather, it is intended to address a specific financing barrier that currently limits access to finance for otherwise suitable borrowers.

Importantly, the Bill establishes a flexible framework.

The Bill does not itself prescribe the detailed operating rules of the Scheme. It establishes the legislative framework, with detailed operational matters, including purchaser eligibility requirements, lender participation requirements, builder prequalification arrangements and other administrative arrangements to be supported through regulations, approved documents and a Deed of Guarantee, executed with lending institutions.

This approach provides flexibility in the administration of the Scheme and supports the efficient implementation and flexible ongoing operation of the Scheme.

The Government has undertaken comprehensive consultation in developing the proposed Scheme, including with lending institutions and modular housing providers to inform the design of the Scheme.

This consultation has helped inform the design of the Scheme and ensure that the proposed framework responds to the practical issues currently experienced by lenders, builders and purchasers.

The Bill incorporates a range of safeguards to ensure that public support is targeted and fiscally responsible.

Participating lenders will continue to undertake their normal credit assessment, serviceability verification and loan management functions. The Scheme does not replace prudent lending practices or transfer normal lending responsibilities to the State.

Builders will be required to satisfy Scheme eligibility requirements, and guarantees will only be available where prescribed conditions are met.

To support confidence and integrity in the Scheme, the Bill provides for the approval of builders and allows conditions to be placed on those approvals where appropriate. The Minister will also be required to publish a list of approved builders and any applicable conditions on the Department's website.

The State's financial exposure will be limited by clearly defined eligibility criteria, guarantee terms and administrative controls established through regulations and Scheme documentation.

These measures are intended to support confidence in the Scheme while ensuring that any financial risk assumed by the State remains prudent and proportionate.

Madam Speaker,

Modular housing has an important role to play in addressing Tasmania's housing needs.

This Bill establishes an enabling framework through which Government, lenders and industry participants can work together to address financing barriers that may otherwise limit the uptake of modular housing.

By supporting access to finance for eligible modular housing projects, the Bill is intended to improve lender confidence, facilitate access to finance for eligible purchasers and support the delivery of additional homes in Tasmania.

I commend the Bill to the House.