

October 9, 2017

The Honorable Robert P. Casey, Jr.  
United States Senate  
Washington, DC 20510

Dear Senator Casey:

I am writing to express the Agency's strong support for S. 1117, the Consumer Financial Choice and Capital Markets Protection Act of 2017. Similar legislation has been proposed by Congressman Keith Rothfus in the House (H.R. 2319).

Enactment of this legislation would repair the negative impacts of a recently implemented Securities and Exchange Commission (SEC) rule which diminishes PHFA's ability to create and preserve affordable housing. PHFA's loans and operating expenses are financed through the sale of both tax-exempt and taxable bonds and notes to private investors, not from state tax revenues. Proceeds from the bonds and notes, many of which are held by money market funds, are loaned at below-market interest rates to fund rental housing, home mortgages and home improvement loans.

Unfortunately, in October of 2016, certain money market mutual funds (MMFs) essential to how state and local governments finance their borrowings were forced to abandon a key feature making them significantly less attractive to investors. Specifically, the funds were no longer allowed to offer a stable \$1 per share net asset value (NAV). MMFs were the largest investor of short-term municipal bonds, and PHFA relies on these bonds to support its role as a financier of affordable housing. As a consequence of this change, the investor base for PHFA's short-term bonds has decreased by more than 50 percent, thus increasing the agency's borrowing costs.

Specifically, the proposal would restore the \$1-per-share NAV for certain money market funds essential to state and local governments and their financing agencies, while maintaining the other regulations the SEC adopted that are important to the safe and sound operation of money market funds. Importantly, S. 1117 would allow PHFA to more efficiently serve the people of Pennsylvania.

Thank you for your consideration of this request.

*P.S. Hope all is well!*

Sincerely,



Brian A. Hudson, Sr.  
Executive Director & CEO