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MANAGEMENT BUREAU  
DIVISION OF HOUSING &  
COMMUNITY RENEWAL

June 13, 2006

Management Representative  
Housing Management Bureau  
Division of Housing & Community Renewal  
25 Beaver Street  
New York, NY 10004

Dear Sirs:

I am writing in regard to the requested rental increase for tenants of Knickerbocker Village. To propose a \$29.33/room increase, which equates to a minimum of \$100.00 for a one bedroom apartment is totally unacceptable to those of us living on fixed incomes or moderate wages. This is approximately a 15% increase, which is far more than the cost of living rise or any raises most workers might expect per year.

It seems every year we have been burdened with a rent increase averaging \$40.00 year for the past 3 years before the latest proposal last October. Many of us are retired and living on fixed incomes and cannot afford such increases. My pension never increases and these raises are therefore, an enormous burden. I know the cost of fuel has risen greatly, as well as other areas, gasoline, transportation, etc. Perhaps a temporary surcharge of \$10-20 per apartment during the winter months could help offset fuel charges. With 1600 apartments, this would be a substantial amount, and not necessitate a permanent huge rent increase.

With the increase proposed, KV can no longer be considered affordable housing for those of us living in this neighborhood our entire life. I hope you can realize what a burden this additional enormous increase will place on tenants living in so-called low-income housing and take our positions into consideration during the hearing.

TENANT OF 16 MONROE STREET

**Knickerbocker Village, Inc.**  
Administrative and Rental Office

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10 Monroe Street, New York, NY 10002

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Telephone: (212) 227-0955

Fax: (212) 766-9087

www.knickvill.com

June 28, 2006

TENANT OF  
16 MONROE STREET

Dear TENANT:

Your letter to the New York State Division of Housing has been forwarded to Knickerbocker Village Inc. for reply. While we understand your concerns and the difficulty a rent increase presents, please be aware of the information below concerning the increases in costs in the past two years.

When the last increase took place in October, 2004, fuel oil cost \$1.01 per gallon. Recent purchases of fuel have cost \$1.40 per gallon. During the past heating season, however, pricing reached as high as \$1.67 per gallon. The cost of fuel oil has constantly escalated over the past five years due to many factors including exploding demand in other countries. A temporary fuel surcharge in heating months as suggested by you would not suffice to meet these increased costs.

Another area of increase is the cost of electricity. In the month of October 2004 in which the last rent increase occurred, electricity cost was approximately 12 cents per kilowatt hour. The cost of electricity for May, 2006 was more than 17 cents per kilowatt hour. In the past year we have had months in which the electrical expense exceeded 21 cents per kilowatt hour. These increased costs are due in some part to changes in the electrical marketplace due to deregulation but also due to higher fuel expenses and natural disasters which have disrupted fuel supplies used to generate electricity.

Another area of significant increase in expenses has been New York City Real Estate Taxes. Increased assessments by New York City gave us an estimated tax bill for the period July, 2006 to June, 2007 of \$2,346,191. This represented an increase of \$630,000 from the previous tax year. Just a few years ago, our tax expense was under \$1,000,000 per year. On this subject, I can report favorable news. A tax protest was filed by our attorneys. We have been advised in the past few days of a reduction in our tax bill for the coming year.

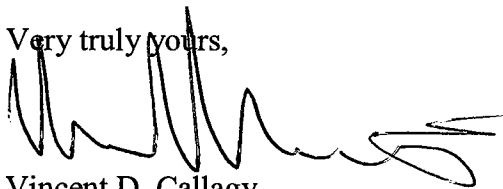
Knickerbocker Village strives to reduce our operating costs continually. In the past year, we have re-financed our mortgage for an annual savings of \$240,000 and lowered our insurance expense by more than \$100,000.

The increased costs in other areas such as fuel oil and electric outweigh the savings, however. Although we have strived to control costs, an increase is necessary to continue to operate this development and provide quality housing for our residents.

Although you may not yet qualify for the SCRIE rent assistance program, you may qualify in the coming years. If you are accepted for that program, rent increases after that point are paid by the City of New York. We will be glad to assist when you become eligible.

I would also like to point out that, although it is widely reported that Knickerbocker Village will receive a grant of \$5,000,000 for capital improvements, no official notification has been received as of this date and no funds have yet been authorized or approved. These funds, if and when they become available, will lead to many additional improvements.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Vincent D. Callagy', with a long horizontal flourish extending to the right.

Vincent D. Callagy  
Manager