

Long Island BusinessNEWS

SEPTEMBER 8-14, 2017 | VOL. 64 | NO. 36 | \$2.00 | LIBN.COM

LONG ISLAND REIMAGINED

The Island is ripe for economic change, real estate leaders say



‘GETTING TRANSIT-ORIENTED DEVELOPMENT PROVIDES A DOMINO EFFECT. ONCE YOU HAVE THE COMPANIES AND THE PEOPLE, THE TAX RATE GOES DOWN, AND IT ATTRACTS TALENT.’

By ADINA GENN

Transit-oriented development. Revamped commercial space. A less-punishing tax code. And another route to the mainland.

Real estate experts say now could be a turning point for Long Island, where the needs of various communities can be met through private-public partnerships that can turn underperforming downtowns into vibrant commercial centers. And the key to this sea change usually involves a small fix: an overlay zoning district that allows limited yet vital development to go forward.

A freewheeling conversation on what it will take to reinvent the Island took place at a recent leadership roundtable organized by Long Island Business News, where real estate industry sponsors shared their big picture view

of development and the obstacles to economic growth. Joe Dowd, LIBN’s editor, moderated the discussion.

Their perspective included elements that are essential to Long Island’s desirability. Much of it boils down to real estate.

While the ingredients for change have long factored into discussions about improvements to Long Island, acceptance may be just out of reach. But its beginnings are tangible.

Take for example the long-awaited zoning approval that came in July for the first phase of Heartland Town Square in Brentwood. Or the green light for the first phase of the \$650 million Ronkonkoma Hub project that’s about to break ground.

Businesses are taking note.

The Ronkonkoma Hub and others like it, for

example, would “attract companies” and a workforce “who can get into the city by train in an hour,” said Mario Asaro, president and broker of Melville-based Industry One Realty, which specializes in office, industrial and commercial real estate.

“There’s great potential,” said Sean Cronin, a partner at Cronin and Cronin, a Mineola-based law firm that provides property tax valuation services. “There’s a nexus of various forms of transportation – the international airport, highway access, east side access, and the Long Island Rail Road’s third track will expand service and make it easier for reverse commuting.”

“Millennials aren’t staying here – it’s tough for young people to afford to live here,” said John Cameron, founder and managing partner of Cameron Engineering, with offices in Wood-



Rendering courtesy of Heartland Town Square (left) and Ronkonkoma Hub rendering (right) courtesy of Tritec. Photo of New Village in Patchogue (center) by Bob Gigliore.

Transit-oriented development on Long Island would attract companies and a workforce who can travel to New York in less than an hour, real estate experts say.

bury. "If you don't have employees, companies will leave Long Island. They want access to talent."

But with the Heartland, which took developer Gerald Wolkoff and his son David Wolkoff 15 years to get approval for its first phase, change is in the air.

"Getting transit-oriented development provides a domino effect – once you have the companies and the people, the tax rate goes down, and it attracts talent," Cronin said.

He pointed to Patchogue, which started with new apartments, and brought other improvements, including Blue Point Brewing Company's \$35 million redevelopment of the Briarcliffe College building, where it is relocating its current operation. The new facility will feature a tasting room, restaurant and beer garden.

But to ignite that kind of development, developers need assurances and certainty. And that could start, in part, with the government.

"The government could create overlay zones that eliminate risk for the developer," Cameron said. That way, developers would face less of a gamble during the process from concept to planning, saving them time and money "if you can eliminate that uncertainty."

A proposal to change the zoning to allow for an overlay district in Hicksville, for example, could revitalize the area's downtown. Towards that end, Hicksville got a \$10 million grant from New York State to redevelop its downtown district, which is also benefitting from a \$121 million renovation of the LIRR station. And while many local leaders have called for a mix of multifamily housing, revitalized offices, upgraded transit and infrastructure, and a variety of retail uses, advocates hope that support continues.

"We need to accept that this is the 21st century," Cameron said, adding that the region needs homes that millennials can afford. Right now, he added, "supply doesn't satisfy demand."

Currently there's a scarcity of "industrial development in Suffolk," said Carmine Inserra, a principal and executive director of NAI Long Island, a commercial real estate brokerage firm in Melville. That's in part because of rezoning in



Photos by Jenna Macri

Industry experts weigh in on how to improve Long Island.

Brooklyn and Queens, where industrial space has been sold for residential housing, and companies, flush from the resale, are moving out to Long Island. At first, if the "taxes are \$25,000, it doesn't phase them," he said.

Cronin agreed.

"The property tax doesn't bother them initially," he said. "Then they start running their business and come to us later."

With talk of development comes traffic concerns. Much of it may be alleviated by the transit-oriented development, which appeals to millennials, many of whom don't want cars. And noted Cameron, rapid transit should figure into the mix, pointing to areas that include Route 110.

People "want to get their destinations quickly," Asaro noted. "They don't need a car," he added, saying, "that's what they're looking for."

But with the Heartland in play, discussion over a bridge or tunnel is back in the mix, leading from the Sagtikos Parkway across Long Island Sound to Connecticut. Meanwhile, the state Department of Transportation has held public meetings to widen the Sagtikos, the only Long Island road that stretches from the water



on the South Shore to the water on the North Shore.

And a hard look at property taxes must also figure into the equation. Industrial development agency incentives can help lure businesses with high paying jobs, "but it has to be the right deal," Asaro said.

Still change can come slowly. Take the LIRR's third track project, which Asaro noted "should have come 30 years ago."

Cameron put it this way: "The best time to plant a tree was 20 years ago. The second best time is today – so why not start now?"