

White Paper

DYNAMIC ECONOMIC PROGRAMS ON LONG ISLAND

*The Real Estate Institute at Stony Brook University's College of Business,
Stony Brook, NY*

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This year, following a noteworthy introduction by **Vincent E. Giovinco** - presiding Chairperson of the Real Estate Institute (REI) at Stony Brook University's College of Business, the President of the Long Island Association **Kevin Law** convened the Institute's Annual Spring Symposium (April, 2016) with his following opening and optimistic remarks:

- With Long Island having been designated by Governor Cuomo five years ago to be one of the ten State regional economic development councils, each was directed to prepare a strategic five-year economic development plan for their respective regions. These regional councils have been engaged in a competition to receive significant State funds for their economic development projects. With the Long Island Regional Council during the course of five rounds of competition having presented one of the best plans amongst the ten regions, Nassau & Suffolk counties are now the beneficiaries of at least \$400 million dollars to date to be applied to local economic projects – improvements to enhance our infrastructure, environment, tourism and industry as well as our traditional real estate projects - and in so doing, improve our overall quality of life.
- Long Island is now engaged in a round six in this program's competition for additional funds which, via a consolidated funding application, can be leveraged with private funding as well as with funding from Federal and other government entities.

Given a concentrated and collaborative effort of multiple Long Island organizations such as the Long Island Association (now in its 90th year) and Long Island's State delegation, an additional \$550 million dollars has been earmarked in this year's State budget to continue promoting the Island's economic development and infrastructure projects. In particular, one of the major focuses for this further funding is the enhancement of a significant research corridor including our deservedly well-recognized research institutions: Stony Brook University; Cold Spring Harbor Laboratory; Northwell's Feinstein Institute; and Brookhaven National Laboratory. Another focus centers on the ongoing infrastructure projects at both the Nassau Hub (Mitchel Field and environs) and the Ronkonkoma Hub. These two sums, \$400 million & \$550 million respectively, fuel largely State-funded projects substantiating the new moniker: “*the Long Island Billion*”.

Kevin went on to highlight not only the special projects at the Nassau Hub (e.g., Northwell's bioelectronics medicine facility; a Memorial Sloan Kettering Cancer Medical Center; Cold Spring Harbor Laboratory's Cancer Therapeutics Center; Stony Brook's Super Computer Data Center; and Hofstra's new Engineering & Applied Science Center), but also commented on the Long Island Railroad's new third track 'project' within a growing part of Nassau County (along the existing two tracks of LIRR's Main line between Floral Park and Hicksville), project investments in our roads, rail, and sewer infrastructures, and the mixed-use development projects in Patchogue, Ronkonkoma, and Farmingdale.

Concluding his opening remarks, Kevin passed the baton to the Symposium's Moderator **John Kominicki**. John, is the editor and publisher of Innovate Long Island, a digital news service which focuses on today's 21st century regional 'innovation economy'. He enlightened Symposium attendees with his pointed and thought-provoking questions to the Symposium Speakers - often colored with his well-received good humor – to dig down to explore meaningful remarks to achieve a greater breadth and depth of discussion with additional insightful commentary.

Introduced by John as the first panel speaker, **Robert J. Coughlan**, along with his brother Jim, is a co-founder of the Tritec Real Estate Company. Having been unanimously selected from a competitive group of twelve development teams by a 14-member committee consisting of municipal powers-to-be and civic associations, Tritec, in 2011, was designated as the master developer to create a transit-oriented development in a 53-acre area centered on the Ronkonkoma train station providing an intersection for rail, roads, and air travel at adjacent Islip MacArthur airport.

Bob walked REI's audience through a challenging five-year political approval process for such an urban renewal project including change of zoning, site plan approvals, land acquisitions, and sewer development. All of which, at Ronkonkoma, will result in 750 new residential units, a new business center of some 60,000 square feet complemented with 95,000 square feet of new retail space, as well as future construction phases for hospitality projects and additional types of twenty-first century housing. Bob's presentation proved to helpfully educate the Symposium audience relative to the importance of such integrated hubs serving as 'anchors'. For example, such a

'smart growth' development approach enables the maturation of Long Island's research corridor and enhances suburban lifestyles for Long Islanders in general - and will serve as a catalyst for both millennial transit-oriented housing and improving young professional, empty-nester and retiree cultural opportunities. In making this point, Bob discussed the integrated development of the New Village in Patchogue and its significant subsequent positive impact upon downtown Patchogue. As a result of such an initiative, several additional communities, for example: Port Jefferson and Lindenhurst, have readily expressed interest in doing comparable symbiotic redevelopments. Bob underscored, in unison with subsequent comment from the other panel members, a new business ecosystem here on Long Island, that is, that regional employers want to be where their employees want to live resulting in a very linked relationship – thus spurring a natural migration. And the small business employer is a very important component in this landscape representing 90% of all business establishments in Nassau & Suffolk. For example, the diversification of so many small successful small businesses on Long Island helps LI workers to weather economic downturns which, in turn, cultivates the Island as that much more of an attractive place to live and work. However, to effect this migration, Bob stressed that such will only take place in those communities which have the political will and leadership to steadfastly champion mixed-use transit-oriented sustainable development as has taken place for example in Patchogue - a prescient prototype commenced back in 2007 and completed in 2014 -- which included early-on substantial outreach to local residents and key community groups (e.g., Chambers of Commerce and fire departments) for their feedback in order to continually improve the project in a manner that could and would best suit local needs.

Transitioning from the entrepreneurial component of dynamic economic programs to the equally-essential political, John then introduced **Steven Bellone**, who after serving as the Babylon Town Supervisor for ten years, became the Suffolk County Executive in 2012. Steve discussed the challenges of transportation and how essential it is for the growth of the Long Island economy. In particular, Steve spoke about the making of north/south transportation connections via accessible public transportation to innovative hubs such as Ronkonkoma. Steve stressed the importance of multi-modal corridors creating space for wheels and rapid transit, not just adding more traffic lanes. However, Steve strongly advised that vigilance is required to maintain the current momentum of communication and coordination by those within university research, government and real estate to move these big regional projects forward. Such attention is sorely needed to hopefully offset the long-standing resistance of decentralized local

community leadership which traditionally espoused local responsibilities rather than regional responsibilities.

Panelist **David Pennetta** with a wealth of experience as the Executive Director of the Long Island office of Cushman & Wakefield discussed, in addition to transit-oriented hubs, the benefits of newly-recognized employment-oriented districts (“EODs”) - for example, areas such as Melville serving as a potentially huge crown jewel north/south corridor. David also spoke about the benefits of performance-oriented zoning as opposed to the draconian and inelastic Euclidean structured zoning prevailing throughout the past century when Long Island simply served as a suburban bedroom community to New York City. Fortunately, these concepts are now being seriously reconsidered by both the Towns of Riverhead and Huntington.

Seeking the opinions of academia, John then introduced **Yacov Shamash, Ph.D.** Stony Brook’s Vice President of Economic Development. Dr. Shamash supervises the University’s four incubators, its three New York State Centers for Advanced Technology (Medical Biotechnology, Sensor systems and Integrated Electric Energy Systems); the two New York State Centers of Excellence (Wireless & Information Technology, and the Advanced Energy Research & Technology Center), as well as the Small Business Development Center and the workforce development programs of the Center for Emerging Technologies. During his remarks, Dr. Shamash focused on three of Stony Brook’s major economic innovations: software; biotech, medical and healthcare; and thirdly energy.

Being a research university, Stony Brook has acted on the recognition that the innovation economy requires multi-disciplined projects combining, for example, the fields of electrical engineering, mechanical engineering and chemical engineering which, in turn, has spurred the university to engage in cluster hiring of faculty (a/k/a ‘cluster industry verticals’). By building such ‘centers of excellence’, the University is graduating students who are able to become the employees which the research corridor and the corresponding new industries and companies require for economic growth. Fully committed to creating these centers of excellence for economic development, Stony Brook recently benefitted in developing energy systems by receiving \$95 million dollars from the government for this particular program. Dr. Shamash happily reported by the way of another example that construction is about to commence on a sixty million dollar economic development innovation and discovery center in its research park. And yet another example of a center of excellence project is the University’s receipt of \$75 million dollars for a

new facility aimed at advancing important research & development of high performance biomedical computing.

Dr. Shamash also discussed the University's very active incubator projects (e.g., Calverton, etc.) and in particular, its five-year flexible Hot Spot program which is noted for providing valuable tax benefits. With a third of its students and its employees coming from Nassau County, these incubator programs and the University's transformational economic development programs demonstrate that Stony Brook is not solely Suffolk County-oriented as has been perceived in the past by some with a somewhat more parochial outlook, but rather, has now become, in fact, Long Island's premier research University. Given such recognition supported by its talented resources, Dr. Shamash said that the University will continue to foster emphasis of training programs that effectively augment the necessary collaboration of government, industry and education for a successful innovative economy.

During a subsequent attendee question & answer period bringing the Symposium to its conclusion, Symposium Speakers were all of one mind that the optimism expressed by Kevin Law in his keynote would reasonably be borne out in coming years if the collaboration, which Dr. Shamash emphasized as being essential, continues in concert with active local community support for innovative economic projects.

REI is a not-for-profit, continuing educational, apolitical, organization affiliated with Stony Brook University. Its prestigious Board of Directors is comprised of respected accomplished leaders in the public and private sector within the real estate community on Long Island. Sharing a common interest, awareness, and in-depth understanding and sensibility of real estate, their governance roles endeavor to address challenges by profiling opinion and solutions to topical concerns of interest for the benefit of the Island's varied real estate interests. However, many important real estate-related issues remain to be addressed in future REI Symposia (for example, notable development projects, housing trends & property taxes, the dearth of affordable rental housing, retirees staying on the Island, employment for young professionals, transportation, low-income neighborhoods, etc.). To that end, REI will strive to continue to uphold its role as the Island's leading-edge real estate 'go to' thought-provider for real estate trends, problem-solving opinion, advisories, and lessons-learned here on Long Island. REI's 2016 Symposium is remembered as another upbeat milestone, one that was uniquely designed to identify select innovative projects and concepts that improve our quality of life, and in so doing, benchmark the way forward.

Whereas Speaker views expressed herein may not necessarily reflect those of REI, they are bell-weather opinions that showcase a durable vitality we judge so important for shaping a steadily-recovering, and potentially thriving, real estate economy.

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