NEWSMAKERS OF THE YEAR

REAL ESTATE

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Building momentum

Market improvements help move Long Island real estate ahead in 2019

Several real estate developments, both big and small, moved forward in 2019, as the year saw significant progress for mixed-use and residential projects in and around Long Island's downtown districts.

The industrial sector flexed its muscle this past year, as strong demand for e-commerce warehousing and distribution facilities continued to outpace supply.

Home prices were still on the rise and sales were brisk, besting numbers from the last couple of years.

A natural gas moratorium threatened to stifle new development and hurt small businesses, but a deal struck between the state and National Grid averted a crisis, at least for the time being.

Here are some of the highlights from 2019.

Photo by Judy Walker

Harbor Landing rental building at Garvies Point.

Long-awaited $1.3B Garvies Point project finally takes shape

Dr. Thomas Garvie could have never imagined how part of his homestead on Glen Cove Creek would be transformed two centuries after the Scottish physician first settled here.

But up until a few years ago, neither could anyone else.

First pitched in 2002, the redevelopment of 56 acres at Garvies Point has gone through changes in developers, a drawn-out environmental cleanup, a housing market crash and a few lawsuits that collectively delayed the massive project along the way.

However, the $1.3 billion mixed-use community rising above the once severely polluted waterfront property in Glen Cove is finally becoming a reality. In fact, leasing of the first phase of the project's rental apartments is scheduled to start in July and developer RXR Realty has already pre-sold nearly half of the units in its 167-residence condominium complex called The Beacon.

It's been quite a long and winding road to get to this Point.

The City of Glen Cove has had five different mayors since the plan was first presented. The city signed a land development agreement with the project's original developers in 2003 and initial approvals were granted in 2008, but the start of construction was delayed by the massive clean-up needed to remediate the once-toxic property, changes in the development team and poor market conditions.

In August 2016, a state Supreme Court judge dismissed two lawsuits filed by a group of residents and the Village of Sea Cliff against Glen Cove's approvals of the Garvies Point project. Neighboring Sea Cliff officials had claimed that the city was breaking a written agreement it signed in 2000 that limited building heights to 65 feet and the total size of the development to 700,000 square feet. Construction eventually began towards the end of 2017.

Though the name of the project, originally known as Glen Isle, and the plan itself has morphed since it was first proposed, Garvies Point will now bring 1,100 residences – 550 rental, 550 for-sale – about 75,000 square feet of restaurant, retail and office space and 28 acres of publicly accessible waterfront esplanades and parks.

LIBN took a hardhat tour of the construction last week led by Joe Graziose, RXR's executive vice president of residential construction and development and Sandra Raymond, an RXR marketing coordinator.

Graziose, former owner of multifamily specialist Paramount Development, joined RXR in 2007 and has spearheaded the company's Ritz-Carlton condo projects in Baltimore and North Hills. Experiences in creating those developments have helped shape the Garvies Point project.

"We learned what downsizers are looking for in highly amenitized buildings," Graziose said.

The first phase of Garvies Point includes 385 rental apartments at Harbor Landing, where a building with 175 apartments opens in September and a second building with 210 apartments is expected to open by the end of the year. Monthly rents for the studios, one- and two-bedroom residences will range from about $2,000 to $4,000.

First move-ins at The Beacon building, which offers 800-square-foot to 2,400-square-foot condos priced from about $700,000 to $3 million, are expected in December. Among the amenities at The Beacon are a movie theater, billiards and game room, library, fitness center, yoga studio, event space, outdoor pool and a 24-hour concierge. Graziose calls it "a lock and leave lifestyle."

That was attractive to Neera Tewari and Vineet Gambhir, who own a single-family home in Dix Hills and bought a Garvies Point condo unit.

"We were attracted to The Beacon by the location, being on the water and ease of getting into New York City," Tewari said. "We also liked the community feel and having everything in one place. We lived in New York City before and this allows us to have city-style living in an amazing waterfront location."

About half of the 56-acre site will be reserved for open space, parks and recreation that will be open to the general public, not just residents. The project, which includes more than a mile of waterfront esplanade along Glen Cove Creek, is adjacent to the 62-acre Garvies Point Preserve.

The waterfront at Garvies Point should be fairly active. Glen Cove's new ferry terminal is located on the site and is slated to open in May 2020 and the city will also operate a 40-slip marina on the eastern end of the development property. In addition, RXR built a $1.5 million clubhouse on the Garvies Point property for the Anglers Club, a pre-existing 70-member boating group that owns 30 slips there.

Still to be built is a 350-unit condo building that will be nine stories of residences over two stories of parking on the western end of the development. Another four-story, market-rate rental building with 146 apartments is also in the plans, as is 50 units of workforce-priced rentals and 50 units of workforce-priced for-sale residences.

To make room for some of the future development at Garvies Point, RXR is in contract to purchase the adjacent 18-acre industrial site formerly occupied by Konica Minolta and a smaller parcel that used to be the home of a commercial laundry facility.

RXR also acquired an asphalt plant on the south side of Glen Cove Creek to assist in the city's $25 million construction of a 1.1-mile stretch of Garvies Point Road that traverses the development site. Graziose said once the Garvies Point project is finished, the plant will be razed so as not to sour the views of its new residents.

Less than a half-mile from the Garvies Point development, RXR is building Village Square, 146 market-rate rental apartments over 17,000 square-feet of retail space in downtown Glen Cove. That project, which includes an 18,000-square-foot pedestrian plaza, is slated to be completed in March 2020.

Photo by Judy Walker

A scale model of RXR's Glen Cove development.

Glen Cove Mayor Tim Tenke said the Garvies Point project represents a tremendous re-use of a former EPA Superfund site that remained when the heavy industries that had occupied the property vacated.

"Glen Cove is a waterfront community and we're reclaiming an area that was an eyesore for the city and was generating no taxable income," Tenke said. "This is not an enclave for the wealthy, but rather a site where 28 acres can be used by the general public."

City officials and developers are expecting Garvies Point will give a boost to the local economy. The construction crew is already contributing.

"Over 600 men and women drive into Glen Cove, shop at local retailers and restaurants in the downtown area and are able to experience what the local Glen Cover experiences," Raymond said. "Heritage Bakery, for

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example, has really become a stand-out local favorite. It sits across from the construction on Garvies Point Road and has had to produce a few more pop-overs since they opened their doors two years ago. To me, this project creates an exciting waterfront lifestyle while providing impressive economic growth to the City of Glen Cove."

Rendering of original Syosset Park project

Syosset Park developers pivot, pull out of land deal

The developers who contracted to buy 54 acres of land owned by the Town of Oyster Bay are canceling the sale and demanding their money back.

The development team, known as Syosset Park Development LLC, is seeking to get back the $30 million it paid to the town for the property in 2013, according to a court document filed last week.

Led by Indianapolis-based mall owner Simon Properties, the development team had planned to use the town-owned land, home to Oyster Bay's Department of Public Works facilities and the former Syosset landfill, as part of its proposal to create a town-center community called Syosset Park with 625 residences, 464,000 square feet of retail, entertainment and restaurant space, 200,000 square feet of office space, two hotels totaling 350 rooms and a 30-acre park.

However, after being met with community opposition, developers changed course and decided to eliminate the housing component and scale back the project, as first reported by LIBN in March. The new development plan, according to one of the Syosset Park principals, would likely focus on industrial uses and will now be contained to the 39-acre former Cerro Wire property off Robbins Lane.

Simon bought the 39 acres from rival mall builder Taubman Centers in January 2014, after Simon funded an anti-development campaign to keep Michigan-based Taubman from building a 750,000-square-foot mall on the site. Taubman had spent 18 years and said it invested somewhere in the neighborhood of $160 million on the property in its quest to build the mall before it scrapped the idea.

Seven months before it bought the Taubman parcel, the Simon-led group agreed to pay $32.5 million for the town's 54 acres next door at 150 Miller Place. The development group gave the town $30 million in 2013, essentially an interest-free advance for title to the land that never changed hands. As part of the sales agreement, the town was allowed to use its DPW property for five years and pay $8 a square foot for the buildings it occupies for up to three additional years.

Pushback from some in the community helped to sour the grand plans for the mixed-use Syosset Park project. Several residents had expressed concerned about the project's residential component, saying it would burden the school district. Others worried about potential hazards at the landfill parcel, which was once declared a Superfund site by the U.S. Environmental Protection Agency.

Executives with the development team said they would pay the costs for testing the groundwater, soil and gas emissions on part of the site to address concerns. The town announced in February that Bohemia-based Impact Environmental had been selected by its Syosset Park Citizens Advisory Committee to perform the testing and analysis, however, the company was never contracted and didn't start the work.

While rumors had swirled for months among the development community that the Simon-led group was pulling out of the project altogether. However, when LIBN spoke in March to Russell Matthews, president of Castagna Realty and a partner in the Syosset Park project, he said new development plans, centered on industrial buildings, would be announced in the coming months.

Courtesy of Brookfield Properties

Rendering of Manhasset Square redevelopment.

Major mixed-use makeover planned for Macy's site

A developer has unveiled long-rumored plans to transform Macy's parking lot in Manhasset with a $400 million mixed-use project of housing, office space, retail stores and a hotel.

Manhattan-based Brookfield Properties announced its proposed redevelopment of about 16 acres of the sprawling 28-acre site in May with a presentation to the Greater Council of Manhasset Civic Associations.

The plan calls for the existing 332,000-square-foot Macy's department store at 1100 Northern Blvd., which was built in 1967, to remain. Macy's will continue to own and operate the store and retain the immediate property around it.

The project called Manhasset Square, would bring 355 rental apartments, 72,000 square feet of office space, 73,400 square feet of additional retail space and a 200-room hotel to the 16 acres of parking lot that Brookfield will purchase from Macy's. The developer also aims to add 2,271 parking spaces as part of the project.

A formal submission of the plan to the Town of North Hempstead is expected within the next 60 days, according to Brookfield officials. Since several zoning changes and variances would be required under the property's current zoning, the project will be submitted to the town as a Planned Unit Development.

"Brookfield Properties is looking forward to moving ahead with this transformative project that will provide numerous social and economic benefits, and enhanced tax revenues, once completed," Aanen Olsen, vice president of mixed use for Brookfield, said via email. "We've already begun outreach to several stakeholders, including local community and elected leaders, and will be making a formal announcement shortly. We will provide additional details outlining the numerous benefits the project will bring to Manhasset, the Town of North Hempstead, and the greater Long Island region."

Community leaders, like Sue Auriemma, an official of the Greater Council of Manhasset Civic Associations, say the concern focuses on the project's proposed density.

"This is a residential area that hasn't seen the building of apartments and our concern is how it would affect the infrastructure," Auriemma told LIBN. "The two biggest concerns have to do with traffic and congestion on the roadways and the possible impact on the school district."

Auriemma added that she's grateful that civic leaders have a seat at the table.

"My hope is that with the community's input that a plan could be developed that would benefit the community as well as the developer," she said.

Redevelopment of the Manhasset property has been discussed for a while. Brookfield began due diligence, research and visits to the property in 2017.

The majority of the rental residences will be studios and one-bedroom apartments along with a few two-bedroom units. Though the exact number is still to be determined, it's anticipated that at least 10 percent of the apartments will be priced as workforce housing to comply with state and local requirements.

Macy's has nine department stores and three furniture and mattress stores on Long Island. Like other big-box department store retailers in recent years, the company has been exploring ways to maximize the value of its real estate. A 10-story office tower is being constructed atop Macy's Brooklyn store and the company has had discussions with New York City officials about building an 800-foot tall office tower above its flagship store in Herald Square.

Macy's reported net sales revenue of $24.97 billion in 2018, up slightly from the $24.94 billion in sales revenue in 2017.

Brookfield, which manages more than $365 billion in assets through its Brookfield Assets Management division, currently has more than 6 million square feet of office space, 4 million square feet of multifamily projects and more than $1.5 billion in retail projects under development worldwide, according to its website.

The development team from Brookfield and Macy's is seeking to have the public comment and approval process for the Manhasset plans complete before the end of the year. Once approvals are secured, construction would begin in 2021, with expected completion by 2023. Macy's plans to keep its store open during construction.

Reading, writing and arresting development

As developers can attest, the effort to build anything on Long Island is usually a long, arduous and expensive proposition.

But when it comes to adding much-needed multifamily housing, increasing opposition from school districts has made the process even tougher, and become one of the biggest obstacles in getting projects off the ground.

The reason?

District officials say they don't have enough room or resources to teach the additional students that may come from new apartment complexes and condominium communities.

As a result, some school districts have become virtual zoning committees, lobbying municipalities to deny applications for new multifamily housing projects, even going to court to stop them.

The Brentwood School District sued to stop the proposed Heartland Town Square mixed-use project because school officials claim it would inundate the district with thousands of new students.

The first phase of the $4 billion Heartland project, which includes up to 3,500 apartments, 626,000 square feet of office space and 560,000 square feet of retail space on 113 acres of the 460-acre site, was approved by the Town of Islip in 2017. The entire plan calls for 9,100 apartments amidst more than 3 million square feet of accompanying retail and office space.

The Brentwood schools lawsuit alleged that the environmental impact studies done leading up to the town's approval underestimated the burden that the project will have on the Brentwood schools. While developers Gerald and David Wolkoff maintain that some 1,800 school children can be expected upon full buildout, the school district claims that the number of new students would be closer to 7,300.

"We were concerned because when we did our own analysis it had upwards of 7,000 students residing within that apartment complex," said Brentwood Schools Superintendent Richard Loeschner. "So obviously with that large of a student population, which we already have an incredibly large student population, we took a look at the additional 7,000 and that obviously would put a tremendous strain on our school district."

The number of students generated by a multifamily development remains a major bone of contention between builders and school officials. The Long Island Housing Partnership performed a study in 2008 for the Real Estate Institute at Stony Brook University that looked at existing multifamily developments and how many school-aged children resided there. The study analyzed 10,926 dwelling units in 140 multifamily complexes in Nassau County and 24,978 units in 186 multifamily developments in Suffolk County and found they generated one student for every 6.25 units in Nassau and one student for every 5.88 units in Suffolk.

For transit-oriented developments, the numbers of school-aged children produced is even lower, according to a Vision Long Island review of eight recently built downtown residential complexes. The 1,887 total units in the eight projects, located in Glen Cove, Patchogue, Farmingdale, Mineola and Rockville Centre, yielded just 50 school-aged children. That translates to 2.65 students for every 100 units.

"What that works out to is the potential for one single-family home to have more school children than your average downtown apartment building," says Vision Long Island Director Eric Alexander. "Folks that are claiming a large influx of school children from downtown and TOD projects aren't reviewing the data or visiting these new developments."

David Pennetta, executive director of Cushman & Wakefield, said that newer multifamily communities, whether downtown or not, are bringing fewer children.

"There is, at best, confusion and sometimes outright manipulation of the relevant data when assessing an increase in student population," Pennetta said. "Developers aren't building 50-year-old apartment complexes today, they are building new complexes."

But whether a development brings any school-aged kids or not shouldn't be a reason for school districts to oppose new housing projects, according to Mitchell Pally, CEO of the Long Island Builders Institute, the 600-member trade group that represents homebuilders and related businesses.

"School districts have the job of educating every child and we pay millions and millions of dollars for them to do that," Pally said. "They should not say to anyone, 'Sorry, you cannot live in our school district.' That's what they do when they interject their uninformed position into zoning issues."

Kyle Strober, executive director of the Association For a Better Long Island, an advocate for economic development, points out that school districts shouldn't oppose housing projects that are essential for attracting the next generation of Long Islanders, the ones he says are needed to defray the rising costs of education and reduce the tax burden on existing property owners.

"School districts should remain focused on providing Long Islanders quality education and leave economic development, which funds their ever-increasing costs, to those still willing to invest in the region," Strober said.

Several Long Island school districts have formally opposed new housing developments or economic incentives for those projects in recent years. They include Long Beach, which opposed the 522-unit rental project at the Superblock site; Port Jefferson, which came out against a 46-unit apartment building on Main Street; and Lindenhurst, which attempted to block the Babylon IDA's tax breaks for Tritec's 260-unit transit-oriented apartment complex there.

Earlier this month, an attorney for the Roslyn School District said the district had "significant concern" about a proposed 27-unit luxury condo project on Lumber Road.

Last year, the Syosset School District hired environmental engineers who crafted a nearly 200-page presentation to the Oyster Bay town board opposing the Syosset Park mixed-use redevelopment that was originally designed for more than 600 multifamily residences. As a result, the developers have since scrapped the residential portion of the project.

Syosset schools officials argued that the new housing would force the district to build new wings on two buildings at an estimated cost of almost $22 million and an annual net-budget impact of $1.2 million of debt service.

Officials maintained that the district would have to undertake "a significant capital campaign well in advance of the projected enrollment in order to ensure adequate space for new students and to minimize impact" on its existing students.

"We don't have any room, so we would not be able to absorb, here in Syosset at least, any dramatic influx of new kids without having to do school construction," said Syosset School District Superintendent Thomas Rogers. "It's really not just operations money to handle the additional load of more students, but it is also facilities' needs. There may be some (districts) that have enough room to open up some new classrooms. That's not the situation here in Syosset."

Loeschner said that the Brentwood district, the largest suburban district in the state, is also at capacity.

"We also don't have any room to really expand on the current structures and we don't have any land that we could build new buildings," Loeschner said. "Now if there was an opportunity within this (Heartland) property to build a school or schools then that's something that I think the board would be happy to hear."

Photo by David Winzelberg

The Elwood School District formally opposed the 246-residence Seasons at Elwood, a condo community on 37 acres for people age 55 and over. The development, built by the Engel Burman Group, is now sold out. The Long Island Builders Institute lodged a complaint about the school district's opposition with the state's commissioner of education. While the developers gave a $500,000 gift to the school district and the condo community will provide more than $2 million a year in property-tax revenue for the Elwood schools, it has produced zero school-aged children. The Elwood schools superintendent did not respond to requests for comment on this story.

Enrollment in the Syosset district was 6,465 in 2017-2018, up slightly from the 6,365 students enrolled there in 2016-2017, according to numbers from the state Department of Education. There were 18,903 students enrolled in the Brentwood district in 2017-2018, down a bit from the 19,052 students enrolled in 2016-2017.

Overall, most school districts are losing students, not gaining. About 75 percent of the state's school districts now have declining enrollments.

Besides the potential of having to accommodate more students, school officials say there are other reasons why school districts and school boards are taking stands against development projects.

"It's not uncommon for these types of

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projects to be done with financial incentives," said Brian Fessler, deputy director for government relations for the New York State School Boards Association. "PILOT (payments in lieu of taxes) agreements reduce the amount of property taxes that would be paid. PILOT revenue has a direct dollar-for-dollar reduction in the tax caps and district's budget."

Fessler added that school districts have no formal representation on the boards of industrial development agencies that dole out tax breaks for multifamily projects.

"They have no formal say in the process," Fessler said. "There's a direct financial impact. That's why they care."

However, Pennetta argued it's inaccurate to say there are less taxes collected from new developments, since there are usually much lower taxes being paid on those properties before they're developed.

"Developers pay into a PILOT which is normally 50 percent of the fully-assessed value of the new development which goes up 5 percent per year over 10 years," Pennetta said. "So, the school district will see more taxes directly as a result of a new development because they account for about two-thirds of real estate taxes, which is double of what it takes to run the entire town. Overall, there is no reduction in taxes, just a partially abated increase in taxes with the remainder having a measured increase over time."

Though new multifamily housing developments mean more tax revenue, school officials argue that they are still hamstrung by the state-imposed 2-percent tax cap, so the end result isn't a financial windfall for districts.

"Developers will make an argument that there will be increased taxes to the district," said attorney Carrie Ann Tondo of the Ingerman Smith law firm, which represents the Syosset School District. "I want to make certain that you understand there's not a new stream of tax revenue coming to the district by operation of the tax cap."

However, increased revenue from new developments does indeed lessen the overall burden on homeowners and other property taxpayers located within the school district.

"The district's take on the tax cap reflects an arrogance (that is) indifferent to school property tax hikes which are crushing homeownership and economic activity that would offset a property owner's bill," Strober says. "The region's future would be better protected if school districts focused on reducing their expenses we are all paying for by reining in unsupportable union benefits and obscenely high administrative salaries."

While there are plenty of examples of school districts jumping into the fray on new multifamily projects, some have actually supported them, because the developments provide housing opportunities for their teachers and staff.

Pally said the Longwood, Mineola and Patchogue-Medford districts have recently backed new apartment complexes in their areas.

"Many of these units are in the school district and are priced to a point where teachers, custodians, first responders and others who work for the school district can live in the district in which they work," Pally said. "One would think that would be a tremendous benefit to the community, because it would allow the school district to attract more teachers to our community, so that's a different aspect of it, but one that's very important, to be able to attract a learned workforce to Long Island."

Money line: Long Island gambling venues eye expansion

Besides death and taxes, there's another sure thing: People will always spend lots of money on games of chance.

And that's why the agencies that operate Long Island's two biggest gambling venues are making expansion plans in advance of the anticipated legalization of sports betting and the hope to build a full-fledged casino here.

Both Suffolk Regional Off-Track Betting, which has 1,000 video gaming machines at Jake's 58 in Islandia, and the New York Racing Association, which operates horse racing at Belmont Park, are considering big changes that will better position them for future gambling opportunities.

The stakes are huge for Long Island. LIBN has learned of these recent developments:

- Delaware North, involved in a legal spat with its partner Suffolk OTB, buys land to expand Jake's 58.
- Suffolk OTB has revived its plans to build a large casino in Medford.
- NYRA has hired a global architecture firm amid growing speculation that Belmont Park may be in the running for gaming operations beyond horse racing.

The big prize is one of the three downstate casino licenses that are expected to be granted in four years, part of a deal that Gov. Andrew Cuomo and the state legislature made when private casinos were legalized in 2013. The state required that the first four of seven total casino licenses be located upstate in an effort to boost economic development there and put a moratorium on the three additional licenses for downstate until 2023.

Companies such as Sands, MGM and Genting have offered to pay $500 million to the state and additional money to the upstate casinos, many of which have been underperforming, to get the downstate licenses sooner. So far, the state has resisted those offers, though its Gaming Commission is in the midst of studying the industry in advance of possible changes.

MGM is seeking a casino license for Empire City Casino in Yonkers, which it bought for $850 million in January and Genting would like to get a license for its Resorts World New York City at Aqueduct in Queens. Sources say Sands officials have been kicking the tires at several sites around the New York metropolitan area, including Long Island, in hopes of locating a future casino.

Though Belmont Park has long been rumored as a possible casino site, Sands officials wouldn't confirm that it's on their short list. Former Gov. David Paterson is a Sands vice president leading the company's New York casino hunt.

"We have been, and will continue, talking and meeting with stakeholders and local community leaders across the state about the opportunity to bring thousands of union jobs and billions in new revenue to New York with the release of the three additional casino licenses already approved by voters," Paterson said via email.

And while downstate casino licenses may still be years away, the state is likely to approve statewide legalization of sports betting in the not-too-distant future. Currently, on-site sports betting is only allowed at the four private upstate casinos and the Oneida nation's Turning Stone Casino in Verona, N.Y.

Officials at Suffolk OTB have revived their plans to build a nearly 200,000-square-foot gaming complex on 32 acres it owns in Medford, a plan that initially faced stiff opposition four years ago from nearby residents and the Town of Brookhaven, which would have to give approvals for the project.

Photo by Judy Walker

JAKE'S 58: Islandia casino is the middle of a legal tug-of-war between Suffolk OTB and Delaware North, which has just purchased 10.3 acres of land to expand the property.

A Brookhaven Town spokesman said Supervisor Ed Romaine would not comment on the proposed Medford casino since no formal application has yet been filed.

Suffolk OTB, which has 1,000 gaming machines at Jake's 58, has been lobbying Albany to get an additional 1,000 machines. The agency has revived its Medford plans in anticipation of those additional machines and the possibility of the state making sports betting legal statewide, which sources say would require more space than is available at the Islandia facility. Sources say Suffolk OTB is also interested in pursuing one of the three downstate casino licenses that will likely be granted by the state in 2023, which would be located at the Medford site if that project moves forward.

The operation at Jake's 58 has been wildly successful. In the last six months, almost $2 billion has been gambled at the Islandia complex, which has reported net winnings during that period of $114.28 million and an average net winnings per machine of $625, nearly double the state's average per machine of $335.

Nevertheless, Suffolk OTB has been trying to break loose from Delaware North, which manages the Islandia facility. Delaware North was chosen as the agency's development and management partner in May 2016. The company purchased the former 279-room Marriott Hotel on 8 acres in Islandia for $40.415 million in August 2016 and opened Jake's 58 at the property in Feb. 2017.

Sources say Suffolk OTB has offered to buy out the Buffalo, N.Y.-based company's management deal at Jake's to no avail and instead, Suffolk OTB took the firm to court earlier this week in an attempt to terminate their contract. The lawsuit, which also seeks $5 million in damages, alleges that Delaware North has diverted money from Jake's that should have gone to the state and county but instead went to its own hotel and other businesses.

"Suffolk OTB is seeking relief from the courts because we have an obligation to protect taxpayer dollars and stop Delaware North's abuse and self-dealing," Suffolk OTB President and CEO Phil Nolan said in a written statement. "As the complaint outlines, Delaware North has been enriching itself by millions of dollars at the expense of Suffolk County taxpayers."

A Delaware North spokesman countered that the suit contains "contrived allegations of wrongdoing" and will vigorously defend themselves in court.

Coincidently, Delaware North is also eyeing expansion in Islandia. The company paid $5.5 million for 10.3 acres of vacant land it purchased from Computer Associates International in July and plans to use some of the property to increase its parking capacity for Jake's 58.

Meanwhile, NYRA has hired a lead architect for a potential major makeover of Belmont Park's physical plant, which could include space for sports betting.

The prospective Belmont renovations, which are separate from the $1.3 billion arena/hotel/retail redevelopment currently underway by New York Arena Partners on 43 acres of racetrack property, will be headed by Grimshaw Architects, a London-based global architecture firm with offices in New York, Los Angeles, Australia, United Arab Emirates and Malaysia. The company, which recently served as lead designer and architect of the new grandstand at the Curragh Racecourse in Kildare, Ireland, will oversee architectural planning, programming, design, engineering and permitting services for the potential Belmont project.

According to a confidential request for proposals NYRA issued in Sept. 2018 and obtained by LIBN, the Belmont renovations could feature some major changes to the 114-year-old racetrack property.

Those include the construction of an underground tunnel from the grandstand to the infield that could accommodate an overflow of people for the annual Belmont Stakes; enclosing much of the 13,000-seat clubhouse and adding heating and cooling to make it suitable for all-season racing; adding 60,000 square feet of office space to prepare for a possible relocation of NYRA's offices from Aqueduct; new infrastructure and outdoor lighting to facilitate future night racing, which would require approval from the state legislature.

The RFP for the potential Belmont reboot, which could cost as much as $500 million, also mentions new luxury suites, new dining areas and new simulcast and sports entertainment areas, which would provide "hospitality consistent with and superior to other Triple Crown facilities" and possibly space for sports betting once it becomes legal.

In fact, NYRA sent out a survey to horse racing fans this week saying they are evaluating a sports betting/bar concept for Belmont with betting terminals for all sporting events

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and more than 100 large-screen TVs.

NYRA CEO David O'Rourke declined to comment on specifics for this story, however NYRA spokesman Patrick McKenna offered this statement via email:

"NYRA is in the preliminary stages of assessing various options for a potential project at Belmont Park. No final determinations have been made regarding the size, scope or timing of this potential project."

Though NYRA officials caution that the items mentioned in the RFP aren't set in stone and the potential project is at least a year away from the start of construction, horse racing insiders recognize that improvements to Belmont are long overdue.

Developer Michael Dubb, CEO of Jericho-based Beechwood Organization and a NYRA board member with ownership interests in about 80 thoroughbreds, says the Elmont track needs updating. He added that Belmont has the room and would welcome the opportunity to participate in sports betting.

"We are going to go slow and deliberate in analyzing all of the possibilities in terms of a renovation," Dubb told LIBN. "It (the current grandstand) was built in the 1960s and it was built for a different time and a different era. At that time, horseracing was the only form of legal gambling. Lottery tickets didn't even exist. Now you have much more competition with legalized sports betting and internet betting and everything else so we have to go further and beyond what you would think to get people to physically come to Belmont and to get people to discover the sport of horse racing and hopefully fall in love with it."

The addition of sports betting could be quite lucrative for NYRA and Belmont, especially if what's happened in New Jersey is any indication.

The Garden State began its legalized sports betting in June 2018 and so far, its most successful venues for sports betting have been its two largest horse racing tracks.

In the first eight months of 2019, the Meadowlands and Monmouth Park race tracks reported on-site sports betting revenue of more than $21.25 million, which accounted for more than 71 percent of the total on-site sports betting revenue of all 10 New Jersey locations and more than its eight casinos combined, according to statistics from PlayNJ.com, the state's wagering website.

For Belmont, Dubb is looking big picture.

"It's our responsibility to look at each and every possibility," he said. "What would happen if there was winter racing, what would happen if there was sports betting. It's our job to look at every possibility in every event so everything is on the table and no decisions have been made."

Industrial market remains hot

The industrial real estate market on Long Island continues to be white hot and brokers say it likely won't cool anytime soon.

Two weeks ago, a Maryland developer purchased a 120,000-square-foot building on 8 acres in Melville, the latest deal that highlighted the growing demand and rising prices for warehouse and distribution facilities here.

Realterm Logistics, headquartered in Annapolis, Md., acquired property at 255 Pinelawn Road, which had been owned by beverage distributor Clare Rose for more than 25 years.

Courtesy of Empire State Development

Rendering of Belmont Park project.

Though the price was not disclosed, real estate sources say it sold for $19.85 million, about $165 a square foot, an impressive number for a nearly 50-year old building.

Chuck Tabone, who along with Newmark Knight Frank colleague Dan Gazzola, brokered the deal, said the building's 13 loading docks and proximity to the Long Island Expressway were especially attractive to the buyer, a firm that specializes in acquiring and developing transportation-related industrial properties throughout North America.

"The building lends itself to quick in-and-out distribution," Tabone said. "Loading and parking is crucial."

There has been a flurry of major industrial property acquisitions on Long Island in the last couple of years, many of which have been purchased by out-of-area investors and developers. Tabone says those regional and national players view Long Island as an underserved market in the face of the boom in online commerce and the growing need for facilities to store and distribute products to the 2.8 million people who live in Nassau and Suffolk counties.

"Out-of-town guys are seeing value," Tabone said. "Long Island used to be seen as a dead end in terms of distribution hubs. Now it's not such a dead end."

The property at 255 Pinelawn Road is adjacent to the 48.5-acre former Newsday headquarters at 235 Pinelawn Road that was purchased by New Jersey-based Hartz Mountain Industries for $54.5 million a year ago. Hartz Mountain is planning to develop a 669,166 square-foot industrial building on the south portion of that property and a 276,500 square-foot industrial building on the north side of the site in a project expected to be completed in 2021.

Hartz Mountain also recently purchased a 35.5-acre site on Spagnoli Road in Melville formerly owned by National Grid for about $40 million.

Another New Jersey firm, Lincoln Equities Group, purchased 9 acres on Duffy Avenue in Hicksville at the end of 2017 and is building a 195,000-square-foot warehouse and distribution facility on the mostly vacant site, with 32- to 50-foot ceiling heights and up to 30 loading docks.

"We are developing a facility designed to attract regional and national tenants that want a foothold in the Long Island market," Joel Bergstein, Lincoln Equities president, said in a statement issued after the land sale closed. "There is no other modern warehouse space of this quality and size available in Nassau County. Our new facility will be optimal space for warehouse and distribution users, including logistics companies and e-commerce based 'last-mile' delivery companies that require superior loading."

The demand for industrial space has spread further east as well. Last month, Woodmont Industrial Partners, an affiliate of Fairfield, N.J.-based Woodmont Properties, bought the 130,565-square-foot industrial building on 12.65 acres at 100 Precision Drive for around $7.2 million.

Last year, Triple Five Aviation Industries, a subsidiary of Edmonton, Alberta-based Triple Five Worldwide Group, bought 105 acres in Shirley for $14 million, and plans to create an aviation-related industrial park at the site adjacent to the Brookhaven Airport. The company is also the majority partner in Calverton Aviation & Technology, which is in contract to buy 1,643 acres in the Enterprise Park at Calverton from the Town of Riverhead for $40 million. The plans include development of 600 acres into a massive industrial park.

And the demand for "last mile" warehousing and distribution properties here is likely to remain robust for the foreseeable future, Tabone said.

"For the last few years there's been a very strong upswing in demand and pricing of industrial properties," he said. "That's not going to change anytime soon, because it's just going to grow."

Court denies halt to Belmont arena construction

A State Supreme Court judge has denied a request for a temporary restraining order to stop much of the construction for the Belmont Park arena project.

Judge Roy Mahon made the ruling Thursday turning down the request from the Village of Floral Park as part of its lawsuit against the $1.3 billion redevelopment.

The plaintiffs in the lawsuit filed a motion last week to enjoin defendants Empire State Development, the state's Franchise Oversight Board and developer New York Arena Partners from initiating and/or continuing construction of the project, which aims to bring a 19,000-seat arena, a hotel and 350,000-square-foot retail complex to about 43 acres of the state-owned horse racing venue.

The stop-work order was to include prohibiting the developers from using a portion of Belmont's north parking lot as a staging area; keeping construction-related truck traffic off Plainfield Avenue; prohibiting sheet pile driving at the site; and prohibiting any actions that would be "irreversible or incapable of restoration" to the site's original condition, according to the court filing.

However, an ESD official said in a court filing that the developer has instructed construction crews not to use Plainfield Avenue for trucks and that work on a new PSEG substation for the project is nearly complete and the utility has agreed to remove all of its equipment by the end of the week.

Developers began work on the arena project in September with the expectation that the arena, in which the New York Islanders would play its home games, would be ready in time for the start of the 2021-2022 National Hockey League season.

Richard Browne, managing partner of Sterling Project Development Group and a member of the development team argued that construction of the arena is on a tight time frame and any delay would cause "irreparable harm" to Islanders fans, the local community and greater Long Island.

"If construction is halted for even a short period, it is a virtual certainty that part or all of the 2021–22 season will be lost," Browne said in the court filing. "Such a delay would also impose a steep financial cost."

ESD spokesman Jonathan Sterne called today's ruling "a victory" for smart economic development.

"As we have said, this project went through a transparent, public process that followed all requirements under state law, and we are pleased the judge's decision recognizes that," Sterne said via email. "We will continue to work with the surrounding communities to minimize inconveniences during construction and remain committed to vigorously defending this project."

Floral Park Village Administrator Gerard Bambrick said that the developers appear to have addressed the construction issues before the hearing.

"They did the things we asked them," Bambrick said.

Floral Park Mayor Dominick Longobardi said in a written statement that the village is "grateful for the apparently positive outcome to the residents of Crocus Avenue, our school children and the lessening of the issues arising from the excessive truck traffic on Plainfield Avenue."

But the mayor added that the "fact that the village was forced to go the extraordinary length of filing a motion in court to get NYAP and ESD to take reasonable steps to mitigate the negative impacts of this project only goes to prove that this project and its negative impacts were never thoroughly thought through." Longobardi said it is "well past time for NYAP, ESD and the state to sit down with the surrounding communities who will be negatively impacted by this project and develop a real and comprehensive mitigation plan, as they should have done, but failed to do, during the environmental review process."

The mayor said the village "continues to remain open to meet and discuss any and all issues with ESD, NYAP and all related parties to develop plans and work to ensure all issues are addressed so that all of our residents' daily lives are not negatively impacted."

Judge Mahon had previously combined two separate lawsuits against the Belmont project that had been filed by Floral Park and a group of Elmont residents and now a group of Bellerose Terrace residents has joined as additional plaintiffs.

Meanwhile, though the request for a temporary restraining order was denied, Floral Park is still seeking to stop construction of the project that it says would cause irreversible harm.