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Nassau to help rehab ex-Grumman factories

September 8, 2011 by JAMES T. MADORE / james.madore@newsday.com



One of [Long Island's](#) most significant development projects took another step forward Thursday when Nassau County agreed to aid the rehabilitation of former Grumman factories to new uses.

The county's industrial development agency gave tax breaks to local developer Steel Equities for cleanup and refurbishment of 1.2 million square feet of space in [Bethpage](#) once used by the aerospace giant. In June, the legislature agreed to sell the 95-acre property to the developer for \$15 million.

Steel Equities executives Joseph Lostritto Jr. and brother Glenn hope to attract high-tech firms, a film studio and advanced manufacturers to the dilapidated buildings after asbestos and other toxins are removed. Repairs are planned for roofs, floors and utilities.

[Bethpage](#)-based Steel Equities has already renovated other former Grumman facilities nearby and constructed a new building that also received IDA help.

Steel Equities attorney Dan Deegan said Thursday the latest acquisition consists of Grumman buildings that are "all in terrible condition . . . nothing has been done to them in 10 years. Our ultimate goal is to get tenants onto the property."

The cleanup and initial rehabilitation of the buildings, estimated to take five years, will cost \$20 million and create 11 jobs, according to the developer. About 25 construction workers also will be employed.

The IDA will provide Steel Equities with a rare, 40-year payment-in-lieu-of-taxes agreement.

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No property taxes will be owed in the first three years, after that payments will accelerate over time depending on the property's rental income.

IDA chairman Jeffrey Seltzer said the land hasn't generated property-tax revenue since 1947 because the U.S. Navy and most recently, Nassau County, owned it. "It's a blighted property and we're going to put it back on the tax rolls," he said.

The IDA also is providing a sales-tax exemption of up to \$1.7 million and a mortgage-recording-tax exemption of up to \$262,500.

Steel Equities has offered to set aside 30,000 square feet of space for an incubator facility targeting small businesses and fulfilling a goal of the IDA.

Nassau Executive Edward Mangano, of Bethpage, lauded the project, telling Newsday it's "an important step in creating local jobs and stimulating our economy. Just a decade ago, this former defense industry property lost 20,000 jobs." He was referring to the entire 600-acre Grumman complex.

Once the latest Steel Equities project is completed, IDA officials predicted 2,000 to 4,000 people would work there.

Still, the project encountered some hurdles getting to Thursday's IDA meeting.

In October 2009, Steel Equities won the bidding process for the Grumman buildings, agreeing to a complicated, \$28.5-million sale. However, a few weeks later the developer scuttled the deal, citing the inadequacy of state and county economic development aid.

Asked about the \$14-million reduction in the sale price, Deegan, Steel Equities' attorney, said the property value at plummeted in the [recession](#) and the developer was assuming the costs of environmental cleanup.

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