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Photo by Judy Walker

Northwell Health team members Jami Benavides, RN, and Shan Malik, MD are on the front line of the fight against COVID-19.

CRISIS 2020

Long Island resilient in grip of unprecedented pandemic

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LAST WEEK'S POLL: VIRAL SHOPPING

What's been the most difficult commodity to find in the pandemic?

- Disinfectant 47%
- Paper goods (toilet paper, paper towels) 35%
- Rubbing alcohol 12%
- Hand sanitizer 6%

Visit www.libn.com to cast your vote for next week's poll: Where did you do most of your holiday shopping?

REAL ESTATE NEWSMAKERS OF THE YEAR

Going viral

Just as most everything else was dominated by COVID this year, real estate was no exception. However, despite a couple-of-months pause, the residential sector thrived, making up for the lost sales of the spring throughout the second half. The commercial sector hasn't bounced back as quickly. Though industrial real estate flourished with the continuing demand for e-commerce distribution and the multifamily sector has remained resilient through the pandemic, hospitality and retail properties took a big hit, and the office market grappled with a glut of sublease space.

Here's how LIBN reported it.

sommersby via depositphotos

Commercial real estate struggles amid virus-choked environment

While some sectors are being impacted more than others, commercial real estate on Long Island is now sharing the pain that the COVID-19 virus and its protocols continue to inflict on the region.

Clearly the hospitality and retail sectors have been the first to show the scars, as empty hotels and restaurants struggle to survive the stay-at-home and social-distancing rules the state has put in place, but they won't be the only ones to suffer.

Brokers say vacancies are likely to rise across the board, especially in the office and industrial real estate markets, though a segment of the latter will remain robust with the increasing demand for warehousing and distribution facilities from online merchants and delivery businesses.

One of the safest property types on Long Island remains multifamily rentals, especially as investors pivot to safer havens in the current low-interest-rate environment. But even owners of apartment buildings may see a short-term dip from their usual 95-percent-and-up occupancy rates, as the ranks of the unemployed swell through the next couple of months or so.

Hotels here are in a world of hurt. The occupancy rate for hotels in Nassau and Suffolk counties has dropped steadily since the beginning of March. Last week, the occupancy rate at hotels on Long Island fell to 32.1 percent, less than half of the 65.2 percent occupancy rate recorded two weeks prior, according to numbers from STR. In addition, revenue per available room plunged to just $37.81 last week, a substantial decline from the $88.16 reported by STR for the first week in March.

As LIBN reported last week, struggling retail tenants have been contacting their landlords about not being able to make rent payments. Some landlords are deferring rent for a few months and some are accepting partial payments, though property owners say they will need similar considerations from their lenders.

The same situation is also playing out with office and industrial tenants whose operations have been shuttered due to the state's guidance on non-essential business.

"Tenants are calling and the number one question they have is 'Do we have to pay the rent?'," said Adam Rochlin, principal of The Rochlin Organization, a Melville-based brokerage firm that represents about 3 million square feet of office space.

ADAM ROCHLIN

Rochlin said two tenants that had already signed leases and were supposed to begin occupying their new spaces on April 1 now want to push that back for 90 days.

"The problem is that the landlords have invested money and were expecting to see revenue from those tenants," he said.

Rochlin suggested that the federal government needs to loosen regulations on defaulted commercial mortgages and allow forbearance of payments for three months.

Jonathan Goldman, a principal of Jericho-based M. Robert Goldman & Company, a mortgage banker servicing more than $2 billion in commercial property loans, said lenders will need to show some flexibility.

"Most portfolio lending sources, such as banks, insurance companies and credit unions, realize that they'll have to make accommodations on a case-by-case basis for properties where tenants are unable to pay rent because of the COVID-19 pandemic," Goldman said. "By early April, we expect that the National Association of Insurance Commissioners will provide their members the flexibility they need to make case-by-case modifications on performing loans without an increase in capital charges. The Federal Reserve and the Treasury Department gave banks similar guidance about a week ago."

Meanwhile, commercial real estate brokerage firms are trying to navigate the new COVID-19 landscape, with their brokers working remotely and keeping in touch with their clients. However, most are reporting a slowdown in activity.

"There's not a lot of business going on," said Brian Lee, a principal of Newmark Knight Frank's Long Island office. "Real estate is one of the industries with long-term commitments. Very few are willing to make those in this environment."

According to his assessment, the closing of businesses and curtailing of their operations could impact demand for office space, where there could see more consolidation.

BRIAN LEE

"But there remains a supply-constrained environment on Long Island, so it may not be as bad as in other markets," Lee said. "The industrial market will remain strong, especially because of the continued demand for warehouse and distribution operations from online businesses."

And Lee insists there are opportunities in every crisis.

"If you recognize and take advantage of those you can have tremendous success during a cycle like this," he said. "We can help many clients with creative real estate solutions to help lessen the impact on their businesses and real estate."

Not listed as an essential business, real estate trade groups, such as the Commercial Industrial Brokers Society of Long Island, have appealed to the governor's office to be recognized as essential.

In a letter to the state's Economic Development Office, CIBS-LI President David Leviton wrote: "As the need for physical locations for the delivery of medical services will significantly expand over the next weeks and months, the brokerage community will be called upon by its medical and related strategic clients to assist in the expansion. The lack of an essential business designation for the pertinent brokerage community will slow down the acquisition or leasing of additional space and inhibit vital medical services."

DAVID LEVITON

In addition, the letter maintained that "commercial real estate brokers involved in negotiations for warehouse space should also be designated as essential workers to the extent they represent parties in warehouse and logistic distribution leasing and sale transactions…without commercial brokers and their knowledge of the scarce available sites, the process of obtaining space for the storage and distribution of crucial medical equipment and products, as well as other essentials, will be intolerably delayed."

Leviton, who is also managing director of JLL's Long Island office, said the industry is bracing for the impact of the COVID-19 virus and its related considerations.

"Due to the unknowns about the duration and extent of the disease spread, it's hard to predict how long the impact will be," Leviton said. "In times of uncertainty, we often see delays in decision making for leasing and investment as well as moderating demand as short-term cost reduction can overtake long-term planning."

But Leviton said there are other things to think about besides the business implications.

"We must take care of our families to stay safe and healthy," he said. "We are all in this together, and now is the time to support each other so that we can solve our current challenges, be ready as things improve and come out of this stronger."

Lee agreed with that sentiment.

"It's important during this time to reach out to clients and assist them in any way you can, whether it's about business or not," he said. "This is the time to give back to the community, clients and friends."

-DAVID WINZELBERG

Open space

Opened with great fanfare just three years ago, the new 232,000-square-foot Dealertrack Technologies headquarters in North Hills was the largest single-tenanted office complex built on Long Island in the last decade.

The $120 million project, a partnership between Tritec Development and Castagna Realty and designed by the Spector Group, boasts amenities aimed at attracting a talented workforce, including a basketball and volleyball court, game room and fully equipped gym.

Dealertrack leased the entire North Hills building and relocated more than 500 employees to its new digs from its leased space in Lake Success. The company received more

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REAL ESTATE NEWSMAKERS OF THE YEAR

Continued from Page 4

than $45 million in economic incentives from the state and the Nassau County Industrial Development Agency in exchange for its pledge to add 350 more jobs to the building in the next few years.

But three years in, that hasn't happened. Instead, Dealertrack recently put the building's entire first floor, nearly 40,000 square feet, on the market as a sublease offering, and real estate brokers predict the company would give up even more space if it could find takers.

Though Dealertrack was purchased for $4 billion by Atlanta-based Cox Automotive in 2015, while the North Hills building was under construction, Cox executives insisted they were committed to keeping Dealertrack and its hundreds of employees on Long Island and wouldn't be looking to move the operation to Georgia. Then came the coronavirus.

However, a company spokesperson said the "Dealertrack North Hills office has continued to employee approximately 550 full-time employees" since it opened. Dealertrack didn't respond to a question on whether it plans to give up more of its North Hills building.

"We continually evaluate our office space to utilize it most efficiently," the spokesperson said, "and this allowed us to place the first floor on the sublease market."

Dealertrack isn't alone in shedding some of its office space. Other Long Island companies, such as Hain Celestial and Integra Managed Care in New Hyde Park and Professional Physical Therapy in Melville, are offering a combined 70,000 square feet of sublease space.

With many employees still working from home at least some of the time, parking lots at many Long Island office properties remain at least half empty, six months after the buildings were closed due to the COVID-19 pandemic. And as some businesses rethink their office space needs amid a sea of unoccupied work stations, more are downsizing their physical footprints.

Traditionally, sublease offerings have accounted for a small fraction of the inventory of available space in the Long Island office market. But today, the amount of sublease space is three times the historical average, according to Adam Rochlin, broker/owner of The Rochlin Organization in Jericho.

The situation is more acute in Manhattan, where sublease offerings currently make up 23 percent of all available space, the most in a decade, according to a report from Colliers International.

While the fallout from the pandemic continues to unfold, the area's office market is going through a metamorphosis, which some brokers liken to the aftermath of 9/11. In the months following the attack on the World Trade Center, several companies sought to reduce their Manhattan office space and began leasing satellite offices in the suburbs, where the real estate is less expensive and would be less likely to be impacted by terrorism aimed at the city.

The latest decentralizing strategy, brought about by the virus, is commonly referred to as "hub and spoke." It has companies maintaining a primary headquarters in the city and additional offices in the suburbs, where many of their employees live and can more easily socially distance.

Brokers say Manhattan-based firms, such as

Photo by Judy Walker

Citigroup and CityMD, have been out in the market in recent weeks looking to lease office space on Long Island.

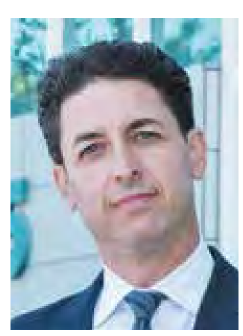
"We're seeing a lot of activity on smaller, short-term deals," Rochlin told LIBN. "Last week we signed three Long Island office deals with firms that have an office in Manhattan, but their people don't want to work from home any longer."

And just as hub and spoke has upped the demand for office space here, the need to keep workers safe has also prompted some businesses to expand their offices.

Rochlin has a client that had been looking for about 6,000 square feet of office space prior to the pandemic, but now that company is looking for 9,000 square feet.

"Tenants need 20 percent more space for social distancing purposes," Rochlin said.

Darren Leiderman, a broker with Colliers International, agrees that some office tenants need more room.


DARREN LEIDERMAN

"We'll see less density within offices," he said. "The problem that we're seeing now is that offices aren't full."

Leiderman believes that traditional Long Island service businesses will likely maintain their space, but larger national firms might consolidate some of their space.

"Vacancy rates may tick up a bit by the end of the year," Leiderman said. "But we're very busy and there are still plenty of firms looking for opportunities in the market."

One of those opportunities, he says, is the 136,000-square-foot building at 275 Broadhollow Road in Melville, where Leiderman is one of the exclusive leasing agents. National Grid had been negotiating to lease the entire building, which is in the midst of a multi-million dollar capital improvement project. But the deal fell apart once the pandemic took hold.

Despite the hype surrounding hub and spoke, Leiderman doesn't think there will be a mass exit of companies from the city.

"Some are comparing it with the exodus after 9/11, but it's a very different situation," he said. "Don't expect an exodus from Manhattan, though there will be a reshuffling of employees from the city."

Dan Oliver, a broker with Newmark Knight Frank, says so far, he hasn't seen Manhattan firms heading for Long Island.

"Companies have kicked the tires, but I don't think anyone's leased space yet," he said. "I think we might see it more in the fall and winter. It doesn't seem like a dramatic shift."

Oliver, one of the exclusive leasing agents for the 275,000-square-foot office complex at 888-898 Veterans Memorial Highway in Hauppauge, added that many firms are waiting for the dust to settle, before making any long-term commitments.


DAN OLIVER

"We're seeing short-term extensions, from one to three years," he said.

And while many employees continue to work remotely, Oliver says he is starting to hear pushback on that.

"As the summer ends and as the weather turns, people are going to want to get back to the office," Oliver said. "Our parking lot in Melville is starting to fill up. It's probably about two-thirds full. People are starting to come back to the office."

And that's exactly what office landlords want to see.

John Saraceno, co-founder and managing principal of Woodbridge, N.J.-based Onyx Equities, which owns more than 8 million square feet of office space, including the two-building, 695,000-square-foot Jericho Plaza, says working from home is a short-term trend.

"Summertime is a great excuse not to go to work," Saraceno said. "As time has passed, productivity has ebbed significantly."

Last month, Onyx kicked off its "You're Better at the Office" campaign, putting the slogan on 18 billboards along major New York City-area roadways in North Jersey, Long Island and Westchester.

Saraceno estimates that 60 percent of the tenants in Onyx buildings have at least 50 percent occupancy in their offices.

"There are a lot of people and businesses that rely on people going to the office every day," Saraceno said. "I've seen it in our portfolio. Since Labor Day, we've seen a reasonable increase in people coming to the office. We're getting emails from a lot of our tenants and human resources folks about density requirements and safety protocols. We're starting to see firms migrating back."

Saraceno said Onyx remains bullish on the office market in core suburban markets. The company just bought a 10-building, 1.55 million-square-foot office portfolio in Morris County, N.J. for $158 million.

Here on Long Island, brokers point to the limited supply of office space, which is much less than other New York suburbs, as the market's saving grace.

"The Long Island market was well positioned because of the tight supply," Leiderman said. "I'm confident that we'll come out of this strong, but there's still a lot of uncertainty."

-DAVID WINZELBERG

Housing crunch

Soaring Long Island home prices have reached record highs, propelled by strong demand and an anemic supply of available properties. And though that's good news for existing homeowners and those that work in the residential real estate industry, it's bad news for those struggling to find a place to live that they can afford.

Not only have Long Island home prices finally recovered from the Great Recession, they are now higher than they've ever been.

The median price of closed home sales in Nassau County in September was $590,000, up 9.3 percent from the $540,000 median price recorded in Sept. 2019, according to OneKey MLS.

The rise was even higher in Suffolk County, where the median price of closed home sales last month was $464,375, up 13.3 percent from the $410,000 median price of a year ago.

And sales are booming. Despite the COVID-19 pandemic and its state-mandated shutdowns that slowed home sales to a crawl for a few months this spring, a flurry of home-buying activity in the last several months have now pulled 2020 pending sales ahead of the previous year.

At the same time, the number of homes on the market here has continued to shrink, which has prompted bidding wars and limited opportunities for prospective buyers. There were 9,399 homes listed for sale with OneKey MLS at the end of last month. That's 27.2 percent fewer than the 12,917 homes listed for sale in Sept. 2019.

The pandemic has exacerbated Long Island's housing crunch in a couple of ways, including putting extra strain on the finances of the state and local municipalities which are counted on for subsidizing affordable housing projects.

And while COVID-inspired layoffs and pay cuts have caused people to miss rent and mortgage payments, prospective homebuyers coming from New York City have also created increased competition for the Island's dwindling supply of existing homes for sale.

Add those suburban-seeking city dwellers to the already formidable number of house flippers that can buy properties for cash and the competition for homes has become fierce.

Rental prices rise

Though renting may be a less-expensive alternative, market-rate rental apartments are also getting more costly. The U.S. Department of Housing and Urban Development's latest Fair Market Rent for Nassau and Suffolk counties is $2,035 a month for a two-bedroom apartment. That's up nearly 27 percent from the $1,608 FMR from just four years ago. But the FMR merely represents a baseline for current market conditions, since

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monthly rents for two-bedroom market-rate apartments on Long Island usually eclipse $2,500.

Eric Alexander, director of Vision Long Island, says there's always been an overwhelming need for affordable rental units for working people, particularly in downtown areas.

"The coronavirus shutdowns have increased this need due to job losses, underemployment and bills that have piled up," Alexander said. "Add to that the exodus of New York City residents seeking apartments that has increased demand even further while driving up the rents."

Pricey housing has forced many millennials and downsizing baby boomers to consider moving out of the area, which ultimately hurts the economy. In fact, the lack of affordable housing, both for sale and for rent, poses a serious threat to its recovery and future economic growth, according to a new report from the Regional Plan Association.

Since 2000, Long Island's median income has dropped while housing costs have increased by 24 percent, the RPA report found. More than 300,000 Long Island households are housing cost-burdened, meaning they are spending more than 30 percent of their income on housing, according to the report, which also found that by 2040, the number of people over 65 here is expected to increase by 40 percent, while Long Island's population under 35 could shrink by 13 percent.

"Younger Long Islanders are forced to leave their communities to find housing that's affordable elsewhere, aging empty-nesters often struggle to downsize, and owners and renters of all ages and backgrounds are saddled with high housing costs," Tom Wright, RPA's president and CEO, said in a written statement. "To retain the talent that will drive future economic success, Long Island must diversify its housing stock."

New prospects

And while the outlook isn't rosy, there have been some advances here over the last decade or so when it comes to creating more rental developments and attainable housing opportunities.

Since 2004, Levittown-based D&F Development has built about 2,400 residential units, most of them rentals priced well-below market rate.

"Overall in the last 10 years we've made progress, but there's always room for improvement," said D&F principal Peter Florey.

In Bay Shore, D&F is currently building a 75-unit, affordable rental project for people aged 55 and over, which will include an 8,000-square-foot LGBTQ community center and should be finished next spring. In Bellport, D&F is constructing a 70-unit non-age-restricted workforce rental complex that's slated to be completed by the end of next year.

And the affordable housing-centric firm has more projects in the works, including an 83-unit rental complex in Wheatley Heights within a short walk of the Wyandanch Long Island Rail Road station, where rents for a one-bedroom apartment will start at about $1,000 a month.

Another prolific developer of affordable housing on Long Island is Jericho-based Georgica Green Ventures, which has built more than 1,000 units since 2012.

Photos by Judy Walker

LEONARD D'AMICO and PETER FLOREY: The principals of D&F Development have a couple of affordable rental projects under construction, including this 70-unit complex in Bellport.

Georgica Green recently completed or is currently constructing several affordable rental developments, including the 77-unit Homestead Senior Apartments in Westbury; the 37-unit Gansett Meadows apartments in Amagansett; the 38-unit Speonk Commons; the 28-unit Sandy Hollow Cove apartments in Southampton; and the 116-unit Riverview Lofts in Riverhead, where a well-appointed, one-bedroom apartment will rent for $1,200 a month.

GGV principal David Gallo says rising home prices means living and working on Long Island is impossible for many people.

"It means senior citizens struggle to stay in the communities where they raised their families, working families can't make ends meet, and young people just starting out have to look elsewhere to begin their careers," Gallo said. "Safe, quality affordable housing means these populations can participate in our communities."

The Community Development Corporation of Long Island has partnered with Rochester-based Conifer Realty in creating hundreds of affordable rental apartments here in recent years, including the 90-unit Copiague Commons and the 176-unit Wincoram Commons in Coram. Earlier this month, LIBN reported that San Francisco-based Belveron Partners bought a majority equity stake in Conifer, which may inject more capital into future development plans.

"We're really excited for broader housing opportunities from this new partnership," said Gwen O'Shea, CEO of CDCLI. "This will expand the type and make-up of affordable housing opportunities on Long Island."

Another of the area's long-time advocates for affordable housing has been the Long Island Housing Partnership, one of the leading administrators of state- and municipal-mandated affordable housing components–usually 10 percent of total units – for new multifamily developments. Over the last six months, LIHP oversaw the leasing of more than 100 new rental units priced below market rate.

In addition to those efforts, LIHP is now a couple of years into building and selling workforce-priced homes via its Community Land Trust.

The Hauppauge-based nonprofit purchases properties through the land trust, builds new homes and sells them to qualified buyers who earn 80 percent or less of the area median income. The cost of acquisition and construction for each averages close to $450,000 and the homes are sold for about $250,000 apiece. The homeowner, who leases the land from the land trust, can resell the home, but the land itself stays with the nonprofit so the property maintains its affordability.

LIHP has sold nine of the land trust homes over the last two years and has another seven more awaiting construction. The properties are located throughout Nassau and Suffolk, in places like Patchogue, Rocky Point, Central Islip, Bay Shore, Island Park, Baldwin and Freeport.

Both the pandemic and rapidly rising real estate prices have created challenges for the effort.

"There's much deeper competition with the open market to get the properties," said LIHP CEO Peter Elkowitz. "It's a sellers' market."

Issues related to COVID, like contractor shortages and delays in dealing with local municipalities that have reduced staff haven't helped either.

"Time is money," Elkowitz said. "Everyone is on the same page to get these homes built and occupied by the families. However, it requires a lot of people to come together and get it accomplished."

Both Florey and Gallo agree that the biggest obstacle in developing affordable housing here is time.

"With entitlements and infrastructure, like sewage treatment plants, the process can take from three to five years," Florey said. "Where margins are quite thin to begin with, that presents a huge challenge."

Probably the most unwieldy part of developing affordable housing is putting together the financing, which comes from a wide variety of public agencies and private institutions.

"You've got to have a lot of patience," said Mitch Pally, CEO of the Long Island Builders Institute. "There are so many different financing sources. It's very difficult to make all of that work in a timely fashion."

One example of how long it could take is the Matinecock Court project in East Northport, which promises to bring 146 affordable housing units–both rental and for sale–to a 14.5-acre parcel of vacant land on the northwest corner of Pulaski Road and Elwood Road.

First pitched in 1978, (yes, 42 years ago), the project, sponsored by a Greenlawn-based nonprofit called Housing Help, has survived multiple court challenges, one of which went all the way to the U.S. Supreme Court, as the Town of Huntington and local residents tried in vain to derail it. But even though the project's developer Blue Sea Development received all of its building approvals in 2016 and $2.2 million from Suffolk County for a sewage treatment plant in Nov. 2019, construction has yet to begin.

Though company principal Les Bluestone did not respond to requests for comment, sources say the project's initial financing package no longer covers construction costs, which have risen nearly 30 percent in the last four years.

However, a key state agency says it's working on it.

A spokesperson for New York State Homes and Community Renewal, which has invested $364 million towards creating and preserving affordable housing on Long Island, said the agency has increased its initial financial commitments to the Matinecock Court project and secured an enterprise grant for additional funds.

The NYSHCR spokesperson added that the agency is "continuing to work closely with its public and private partners to identify and secure financing for the project that will move the development forward to construction closing."

Much of the financing for affordable housing projects here come from tax credits provided to the developer by the state on a competitive basis, which are then sold to banks, such as Citibank, J.P. Morgan Chase, Bank of America, and TD Bank. By purchasing the credits, the banks become equity partners and receive an annual yield of between 3 and 5 percent. They also get the lion's share of the depreciation of the properties, creating additional value.

However, though tax credits usually make up from 60 to 80 percent of the funding, the rest relies on grants and gap financing in the form of low-interest loans from state programs. That's where the pandemic's strain on budgets has been most apparent.

Florey says there's a pressing need for more gap financing.

"We've already seen an effect on the amount of available subsidy from the state, mostly when it comes to the availability of low-interest loans," he said. "That's what has been impacted by what's going on right now."

Public buy-in needed

While financing remains as challenging as ever, affordable housing first needs buy-in from residents and elected officials before a project can get off the ground. Pally cites the reluctance of many Long Island municipalities to even entertain that they need affordable housing in their area.

"We first have to have public acceptance of the need in each community," he says. "If you can't get past that challenge, then you're out of luck."

But once they do get on board, developers say municipalities need to make better accommodations for affordable housing in their codes.

Gallo says rezoning a property to allow for affordable housing is often an incredibly expensive, years-long process with no guarantee of a favorable result, which discourages developers from even considering affordable housing as a viable option. He urges local governments to streamline the process and support affordable housing by prioritizing it in terms of both funding and process.

"That will go a long way toward increasing the availability of these units," Gallo said.

-DAVID WINZELBERG

LAW & GOVERNMENT NEWSMAKERS OF THE YEAR

Help wanted

As Long Island grappled with COVID-19, its business leaders looked to various government programs, such as the Payment Protection Program, for a badly needed lifeline. This overview points to the struggle in the region, the experts who offered assistance and the hope for the future.

Report: LI lost jobs faster than NYC and other suburbs

Amid the COVID-19 crisis, Long Island is seeing a net job loss of 220,000. That loss is prompting a $61 billion decrease in economic activity.

That's according to a bi-county report on the pandemic's impact on the region's economy.

The report was developed by HR&A Advisors, with support by IDAs in Suffolk and Nassau counties.

"We've been hammered," Suffolk County Executive Steve Bellone said of the economic impact of the virus.

The study found that Long Island businesses lost jobs at a faster rate than New York City and its suburbs, as well as the United States as a whole during the initial months of the crisis.

It also found that a "disproportionate share" of the jobs lost were low-paying jobs. This kind of loss is especially impacting workers with low levels of education as well as Hispanic and Latino workers, according to the study.

The hospitality industry was hit the hardest, losing 82,000 jobs and healthcare and social assistance lost 59,000 jobs.

"This report outlines the economic shock to our local economy and the continued pain among our businesses and minority communities," Laura Curran, Nassau's county executive, said in a statement.

Both county executives said that financial assistance from the federal and state government was necessary.

"This report makes clear that federal aid from Congress is necessary if our region is going to rebound and recover from the worst economic crisis since the Great Depression," Bellone said in a statement.

-ADINA GENN

The COVID recession

Long Island's economy is beginning to reopen amid the COVID-19 pandemic. But the recovery could be slow and sometimes painful, experts say.

"Despite the phased reopening, we could see higher unemployment ahead, as the current CARES program begins to phase out," said Martin Melkonian, an economics professor at Hofstra University.

As the region began Phase 2 of the reopening this week, uncertainty prevailed. Along with the threat of a possible second wave of the virus, the region is calling for more federal dollars for innovative programs that would reignite the economy while fostering social change.

And as employers reimagine the workplace, working from home may take precedence, changing the demand for office space.

Meanwhile, consumer confidence may take a bit to return despite "pent-up demand for personal services," said Richard Vogel, dean of the School of Business at Farmingdale State College.

"On the one hand we have to reopen because the economy can't take much more, and kids need to have a high-quality education," said John Rizzo, chief economist at the Long Island Association. "On the other hand, we are running the risk of infection."

"If people are afraid, the fear factor is out there, and economics is really the quantification of [how] people's habits have changed," Martin Cantor, director of the Long Island Center for Socio-Economic Policy, said.

The U.S. economy entered a recession in February as the coronavirus struck the nation, a group of economists declared Monday, ending the longest expansion on record.

The economists said that employment, income and spending peaked in February and then fell sharply afterward as the viral outbreak shut down businesses across the country, marking the start of the downturn after nearly 11 full years of economic growth.

A committee within the National Bureau of Economic Research, a trade group, determines when recessions begin and end. It broadly defines a recession as "a decline in economic activity that lasts more than a few months."

For that reason, the NBER typically waits longer before determining that the economy is in a downturn. In the last recession, the committee did not declare that the economy was in recession until December 2008, a year after it had actually begun. But in this case, the NBER said the collapse in employment and incomes was so steep that it could much more quickly make that call.

"The unprecedented magnitude of the decline in employment and production, and its broad reach across the entire economy, warrants the designation of this episode as a recession, even if it turns out to be briefer than earlier contractions," the NBER panel said.

Now, local companies are grappling with a climate in which consumers lack the financial security to spend money, according to a bi-county survey from Hofstra University, which collected responses from 1,300 businesses.

Meanwhile, as many as 20,000 small businesses on Long Island have closed their doors and may not return, Rizzo said.

For businesses, reopening could be a costly endeavor, facing bills, rent and interest payments as well as salaries, even for those organizations that managed to access federal support through such initiatives as the Paycheck Protection Program.

And the unemployment rate for Long Island climbed to 16 percent in April, according to preliminary numbers from the state's Department of Labor.

These are levels not seen "since 1933," Melkonian said, adding, though, that unemployment did hit 11 percent in 2009-10.

"It's a very dangerous situation unless it's turned around fairly quickly," he said.

The shut-down has taken a toll on commercial real estate, with "for lease" signs dotting the landscape, Melknonian said.

And without income and sales tax revenues, the state and local municipalities face financial risk.

It could cause further layoffs and furloughs, this time in the public sector, affecting teachers, healthcare workers, and more, Melkonian said.

A mix of innovation and grassroots solutions, fueled with federal assistance, might boost the economy, experts said.

"Economies need road repairs," Rizzo said, adding that on Long Island, while that's been discussed on and off for years, "it's never come to fruition. But I think that would put people back to work who couldn't otherwise get into the workforce."

It would get people back to work in "a socially useful way," Rizzo said.

Melkonian pointed to a green economy, which includes wind energy.

In July, New York Gov. Andrew Cuomo approved two wind farms off Long Island, said to generate $3.2 billion in economic activity, 1,600 jobs and electricity for 1 million homes. And while the debate may be on as to the impact of COVID on the renewable energy market, it is projected to grow from $184.3 billion to $226.1 billion by 2021, according to a May report by Research and Markets.

And there are proposals to reconsider the stock transfer tax, which in New York, "derives about $16 billion," Melkonian said. Recouping part of that instead of rebating it to brokers could bring long-term benefit to New York, partially eliminating the need for budget cuts.

But right now, this looks to be the year of spending cuts, with the state falling on hard economic times without sales and income tax revenue coming in. What's needed, experts said, are federal dollars.

The region "needs to get massive new dollars into clean energy industries and conservation industries," Melkonian said. That effort would "restore economic activity and deal with the longer-term crisis of global warming."

As for entertainment, that will take a while to rebound as well. Concert halls are rescheduling events. And as organizations that offer performances in the park are evaluating appropriate formats, families are flocking to pop-up drive-in movie events. But when movie theaters re-open they will face new challenges, as release dates from major-motion picture studios are postponed, Vogel said.

"Summer blockbusters have shifted six months, to a year to two years," Vogel said, noting that some releases will go directly to streaming.

And whether people feel comfortable sitting in close proximity for a two-and-a-half or three hours for a show" and what the seating rules would be, remains to be seen, Vogel said.

Meanwhile, consumers are spending when it comes to home improvement and gardening, Vogel said.

Still, even with stores reopening, some consumers may prefer shopping online, something they may have grown accustomed to, Vogel said.

And tele-visits and online services may continue their prevalence in the medical, legal, financial, banking and educational fields, Melkonian said.

More jobs could be shed as employers find they can automate certain activities. "That's already happening," Melkonian said,adding that the trend could accelerate.

Still, indicators of an improving economy abound as the region moves through the state's reopening phases.

But don't look to the stock market, which could be artificially inflated by federal loans and grants and tax incentives, as well as management at major corporations buying back stock, reducing supply so that the cost goes up.

"Much more important is personal income," Melkonian said.

"Recovery will take a long time – we took a very serious hit," he said. "We have to look now towards longer-term solutions."

-ADINA GENN

Unopened envelopes

In some offices across Long Island, the envelopes are piling up. Stacks and stacks of unopened mail from creditors and the Internal Revenue Department are sending the message: It's time to pay up.

That's what some business advisers are seeing from their clients amid the COVID-19 crisis.

"It's always very scary to get a letter from the IRS in normal times," said Karen Tenenbaum, a tax attorney whose law firm is based in Melville. "Can you imagine if your business has been closed or you haven't had a job?"

"Sometimes when clients come to visit us they have a stack this high that they haven't opened," she said. "They're afraid of what can be on the other side."

Ignorance may seem like bliss but the consequences of not knowing what's on the other side could be onerous, Tenenbaum said. Government-issued warning no-tices can lead to losing a license or even a pass-port, based on collection laws. Wages could be garnished. Property could be seized. Or a business could be shut down, among other outcomes.

"It's a very scary time," said Leslie Tayne, the founder and head attorney of Tayne Law Group, with offices in Melville. "To receive that kind of letter is very overwhelming."

Tayne said her firm was "receiving tre-

KAREN TENENBAUM

mendous amount of inquiries from those who are having difficulty paying their debts and their bills."

"And even though there's been moratoriums or these forbear-ance or deferment programs, those are slowly ending," Tayne said.

This comes amid an uncertain business climate, and when income may be reduced and costs are rising while some reopening businesses firms cope with regulations that call for limited capacity.

"Small businesses are working hard to recover from the state shutdowns and effects of COVID-19," Bill Dunkelberg, chief econ-omist of the National Federation of Indepen-dent Businesses, said in a statement.

"We are seeing areas of improvement in the small business economy, as job openings and plans to hire are increasing, but many small businesses are still struggling and are uncertain about what the future will hold," he added.

That uncertainty includes "the impending election, the prospects for further stimulus, whether and when a Covid-19 vaccine will become available and economics ten-sions with China," John Rizzo, chief economist for the Long Island Association, wrote in his October economic report. "This has the potential to rattle performance on the stock market as well as the real economy in the coming months."

And, Tayne points out, organizations had debt and tax problems prior to COVID.

"Now they're exacerbated," she said. Small business owners may have taken merchant cash advances, inventory loans or business loans that they can no longer pay, she said. "It's really raining down on them right now. This is not a problem that's going to go away."

Banks will reassess their risk tolerance in the new year, she said, and determine what available credit they're going to allow busi-nesses to maintain, as all of the eco-nomic players seek to catch up.

For businesses struggling to pay their bills and taxes, experts say it's important to have an advocate – someone who understands an owners' plight, and how to strategize in order to resolve issues.

Tenenbaum said there are penalty abate-ments for reasonable cause that can help people reduce the amount of taxes owed. But there are nuances.

"The IRS allows you to appeal these deci-sions – New York State does not allow that collection to be appealed," she said.

If you are proactive, there are things you can do – even for non-filers, she said.

"New York State has a voluntary disclosure program for non-filers, a limited look-back period of three to six years with no penalties or criminal referral."

Installment agreements from the IRS and New York State can help struggling business owners, with options available online for do-it-yourselfers, Tenenbaum said.

And there is hope for those struggling to pay the full amount: There are offers in com-promise – based on your ability to pay and hardship. "There are other options," she said.

For those with debt and loans while cop-ing with hardship, explanations to creditors about COVID or being out of work can "fall on deaf ears," Tayne said. These creditors may even file lawsuits to collect.

To get a creditor to reduce the balance, it's helpful if there is a skilled advocate on your behalf, Tayne said.

"I caution people about the information they are disseminating to their creditors," she said. "They should seek out advice on how they are going to handle that and be prepared when they are speaking to those creditors."

Amid the COVID crisis, the IRS gave tax relief through July 15. Now the agency re-started audits and collection letters, though there's been a backlog, experts said. For a time, people who made payments were still getting notices, but the IRS has since stopped sending them, Tenenbaum said.

For some, the relief period was a time to clean up past tax matters, Tenenbaum said.

During the height of COVID, creditors, too, were backlogged in accepting payments, though now there is a push to resolve issues, Tayne said.

And eager as they are to get those pay-

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Continued from Page 11

ments, there are circumstances where they might "wait it out" for when companies can reopen or start making money again, she said.

But don't expect the envelopes to stop coming any time soon.

"We haven't even seen the tip of the iceberg in the debt world because the creditors haven't even assessed where they're at" to "see what the delinquency rates are going to be," Tayne said. And that reassessment may not take place till June, she added.

This means that the current economic struggles may "carry through the next three to five years," she said.

Tenenbaum said that as many as 30 to 50 percent of restaurants may not come back, triggering tax issues and a new flux of personal or corporate bankruptcies.

This is the time to reassess budgets weekly, understanding cash flow, costs and spending, Tayne said. Cutting costs, consolidations, renegotiating contracts, debt settlement and refinancing are ways to avoid bankruptcy. Bankruptcy, she said, should be a last resort.

And you're not alone if this all seems overwhelming.

Which is why expert advice can go a long way, business advocates said.

When the bills are too much

There are ways to navigate those mountains of unpaid bills, experts say.

Tax attorney Karen Tenenbaum said there are installment agreements from the IRS and New York state, as well as "penalty abatements for reasonable cause," among other options. But there may be nuances, so it's best to speak with a tax expert.

And attorney Leslie Tayne urges owners to understand the links between their business and personal finances. "Trouble for your business's finances likely means trouble for your personal finances," she said.

Struggling businesses should focus on cutting costs wherever possible, she said. "Explore debt relief methods: consolidation, renegotiating contracts, debt settlement, refinancing." Bankruptcy should be a last resort. And a debt attorney can help.

-ADINA GENN

The lifeline

There was confusion. And the urgent sense that if you didn't get a lifeline, your company was doomed. Maybe it would be doomed anyway.

That's how business owners amid the COVID-19 crisis describe the lead-up to and roll-out of the federal Paycheck Protection Program, the forgivable loan program created in April that helped businesses stay afloat and keep America working.

Christian Gordon, a proprietor of Port Washington-based Long Island Boat Rental, remembers those days well. His family-run business was already working with Neil Seiden's firm, Uniondale-based Asset Enhancement Solutions, on closing a loan from the Small Business Administration to finance a yacht, expanding its fleet as the firm prepared to open for boating season on May 1.

And then came COVID, the need to quarantine, new regulations and promise of the PPP loan, whose guidelines, amid an unprecedented time, shifted, spurring the confusion.

"We had Neil help us navigate the uncertainty," Gordon said.

Photo by Judy Walker

Neil Seiden helped Suffolk OTB, which operates Jake's 58 Casino Hotel, qualify for a Paycheck Protection Program loan.

Besides assisting with other forms of financing, Seiden helped pierce through the haziness of PPP's onset to help Long Island Boat Rental and scores of others – including Suffolk OTB – participate in the federal program.

As Seiden tells it, he managed to get Long Island Boat Rental's SBA loan closed as every bank "was focusing on PPP loans" amid a sense that "the world was coming to an end."

But Seiden saw that PPP loans became the only program generating buzz from existing and would-be clients.

"Businesses wanted the free money offered by the government," he said.

Hearing about "the chaos going on with the initial rollout" of the program, he wanted to help.

AES was recognized as an agent, which enabled Seiden to refer PPP loans to different banks, and under the program, get paid by the bank, not the client, he said. To date, the firm processed 800 PPP loans, totaling $100 million, helping to save an estimated 10,000 jobs, Seiden said.

But hearing about so many initial applicants being turned away, Seiden decided to "provide VIP service and hold their hand through the process."

Recent reports show that many organizations that applied for PPP loans did get them. A new Marcum LLP-Hofstra University CEO survey, for example, found that ultimately 87 percent of those who applied for PPP and/or a Main Street Lending loan were successful.

Released last week, the survey offers a snapshot of CEOs' outlooks as the economy reopens. It polled more than 250 CEOs across the nation to see how mid-market companies are handling the simultaneous challenges of surviving in the COVID-19 economy amid increasing calls for racial equality. It also considers the CEOs' outlook of the current business climate and their priorities and concerns over the next 12 months.

Yet if an organization didn't know about the PPP program, it wouldn't apply. So Seiden decided to get the word out and help organizations, big and small, learn about and access funding if they qualified.

Building a team

AES went from a one-man operation to a team of 19 within 16 weeks, with Seiden shaping his organization to respond to the need. The team included furloughed workers and consultants he knew, most of them experts in finance. It also included an educator, Evan Siegel, who found it rewarding "to help people understand the process." The team presented 105 webinars, including several in Spanish, so people understood how to adapt to the technology needed to properly fill out the application.

The PPP loans ranged widely – from $600 for an independent contractor to more than $7 million for a university. One team member, Brian Fern, said he encouraged Seiden to focus on larger loans, but noted that Seiden "altruistically" wanted to "help everyone." The team worked with applicants who were turned down previously, or never heard back from the bank, and analyzed why. Sometimes it was because applicants used the wrong code or didn't identify themselves under the correct category, the team said.

"It was a collaborative effort, but Neil should take credit for putting this team together," said Stephen Schwartz, who served as the team's chief financial officer.

Dave Saunders was the firm's gatekeeper, helping determine applicants' eligibility, and letting them know what to expect next in the process. "People said, 'it's a pleasure to be able to talk to someone,'" as AES members followed up on applications. In one case, he said, the team helped a large employer in a small town upstate keep its doors open, helping that community's economy stay afloat.

Time was of the essence, especially in the first round of PPP, whose initial deadline was June 30. In mid-June, for example, AES began working with Suffolk OTB, which also operates Jake's 58 Casino Hotel in Islandia. Suffolk OTB, was in bankruptcy at the time, and gearing up to reopen Jake's 58, with all the mandated PPE and physical distancing guidelines. AES managed to secure a bridge loan for Suffolk OTB, which last year sent $102 million to New York State Department of Education. With the bridge loan, Suffolk OTB got out bankruptcy, and as a result, qualified for a PPP loan.

"We worked day and night, and through the weekends" on the loan, said Tony Pancella, Suffolk OTB's vice president and chief operating officer.

Moving forward

Out of bankruptcy, and with a PPP loan, Suffolk OTB could "maintain the staff that we needed," Pancella said. Now Jake's 58 is up and running, albeit at 25 percent capacity amid the pandemic.

Long Island Boat Rental, too, is operating, even though there were production delays with its new yacht. Still, as Long Islanders seek out fun, safe entertainment in the time of COVID, business is good, Gordon said.

"Demand for services on the water has skyrocketed," he said. "The volume is busier than I've seen in the last seven years."

Although the next reiteration of COVID-19 relief has stalled, Seiden believes Congress will ultimately pass something "because there is so much need."

On Tuesday, the bipartisan Problem Solvers Caucus, of which Rep. Tom Suozzi is vice-chair, unveiled a relief package that includes $290 billion for small business and nonprofit support.

Should that pass, Seiden said, his team "is ready to roll."

-ADINA GENN

Executive wish list 2021

A new COVID-19 stimulus package. Infrastructure investment. And the reinstatement of the state and local tax deduction.

These are just some of the top economic priorities amid the COVID crisis that business leaders have for the incoming Biden administration.

"We need COVID recovery for small business – more grants to help them with the financial pain they suffered," said Kevin Law, president and CEO of the Long Island Association. "They don't need more loans – they need grants."

Passing a new COVID-19 stimulus package is a top priority for more than 67 percent of the c-suite level executives responding to the most recent CEO survey from Marcum, a national accounting firm with offices in Melville, and Hofstra University's Frank G. Zarb School of Business, in Hempstead.

"Middle-market CEOs are clear about their need for additional economic relief to withstand the impact of COVID," Jeffrey Weiner, Marcum chairman and CEO, said in a statement.

A wish list among executives is emerging across the nation as it struggles with another COVID-19 surge. Now, business leaders are sharing insights on their business outlook, government economic priorities and the coronavirus crisis itself as the Biden administration prepares to get underway.

CEOs "have deep concerns about the immediate future, and optimism has continued to trend downward," Weiner said. "The resilience of mid-market companies—the backbone of our economy—is being tested, and time will tell whether the next administration is able to help right the course for U.S. businesses."

Released last week, the Marcum-Hofstra survey in mid-November polled c-suite executives at 250 companies across the nation, from a broad spectrum of industries. The survey looked at economic priorities for 2021 and beyond.

Manufacturing

Policies that promote U.S.-based manufacturing were favored as a top priority by more than 36 percent of the survey's respondents, as well as Long Islanders that spoke to LIBN.

"A key indicator of bringing back America's economy is to figure out how more products can be produced in the United States," said Phil Andrews, the president of the Long Island African American Chamber of Commerce.

"Increased employment and productivity in America will get America back to work, and 'made in America' will be more than just a slogan," he added.

A stimulus package would go a long way toward that end, Andrews said.

"A new round of stimulus injected into the economy will get the country moving in the right direction by increasing consumer confidence and spending, along with a second round of support for small businesses, will point the economy in the right direction," he said.

Infrastructure

Infrastructure funding, too, is a top priority, according to the survey, and to leaders on Long Island.

On Tuesday, Nassau County announced that it had requested federal stimulus for large scale improvements. According to County Executive Laura Curran, federal stimulus that advances shovel-ready projects would create more than 3,300 construction jobs in Nassau.

Law pointed to infrastructure projects across the region that warrant merit.

"Investing in infrastructure puts people back to work," Law said, referring to improvements needed in the region, including roads, sewers, bridges and tunnels.

Such projects would fuel the economy.

JEFFREY WEINER

PHIL ANDREWS

KEVIN LAW

U.S. Rep. TOM SUOZZI

"From FDR's New Deal in response to the Great Depression to Obama's American Recovery & Reinvestment Act in response to the Great Recession, history has proven that federal stimulus dollars for infrastructure projects can be a critical tool in rebuilding our economy," Kyle Strober, executive director of the Association for a Better Long Island, an economic development advocacy organization, told LIBN.

"On Long Island, federal infrastructure dollars could be invested in road projects like the Oakdale Merger, expansion of sewers in Suffolk, upgrades to MacArthur Airport or even the electrification of the LIRR out east," he added. "All of these projects would spur an exponential increase in economic activity once completed."

Experts say these kinds of benefits would be long lasting.

"The proposed New York Harbor freight tunnel would have a significant and positive impact on Long Island, the New York metro area, our economy, the environment, and our access to markets west of the Hudson," Brookhaven Rail Terminal President Andy Kaufman told LIBN. "The billions of federal dollars required for construction would create benefits for generations to come and there is already a Tier II environmental study that sets the stage for progress by the Biden administration."

Law also pointed to the need for continued improvements at MacArthur Airport and the need for the Gateway Tunnel project, which would construct two new tunnels under the Hudson River between New Jersey and Penn Station, easing congestion. While the tunnel project has prompted "a lot of debate, it's critically important," he said. And funding for the cash-strapped MTA and LIRR, he said, is key.

SALT

Reinstating the state and local tax deductions is also critical, Law said.

That sentiment was echoed earlier this week when U.S. Rep. Tom Suozzi said on a call that he would ask all incoming members of Congress to pledge to repeal the SALT cap. He also aims to urge New Yorkers to withhold support from members of Congress who do not support the repeal of the cap.

"The SALT cap of 2017 was a gut-punch to New Yorkers, who already subsidize other states by paying more in taxes than we receive back from the federal govern-ment," Suozzi said. "COVID has compounded SALT and we are now seeing large corporations and their employees looking to move to other states."

Education

Investing in education and childcare are critical for the region.

"We have to focus on the community colleges and colleges because training and retraining our future workforce will play dividend down the road," Law said.

COVID

Amid COVID-19, more than 82 percent of CEOs responding to the Marcum-Hofstra survey said they are taking precautions in the event of another lockdown, with 64 percent saying that a lockdown would impact operations. More than 58 percent said COVID would continue to impact U.S. businesses over the next year.

"The government should continue to implement ideas that will stop the spread of COVID-19," Andrews said. "Control mechanisms are vital to America in its efforts to get the economy back on track to pre-COVID-19 levels."

-ADINA GENN

FINANCE/ACCOUNTING NEWSMAKERS OF THE YEAR

Banking on recovery

Long Island's finance and accounting sectors had a turbulent 2020, along with everything else. From navigating the federal stimulus and business loan programs to advising companies on changes in tax laws, accounting firms had their hands full keeping their clients economically healthy this past year. Banks, credit unions and other financial institutions also made news, highlighted by a few mergers and consolidations.

Here's a look back at some of LIBN's coverage.

Moving the brand forward

The First National Bank of Long Island bills itself as the bank "where everyone knows your name," a fitting slogan for one of the few remaining Long Island-based community banks.

Headquartered in Glen Head, the bank has a new president who is looking to build on First National's branding message. The idea is to better communicate its products and services as the bank seeks to expand in a climate that is punishing to community banks.

Christopher Becker, who took the helm at the start of the year following a planned transition, is a name that people know both within First National and the Long Island banking community. Prior to joining First National in 2011, he held high-level positions with Bank of Smithtown and BNB. He served as executive vice president and chief risk officer at First National before advancing to president and CEO with the retirement of Michael Vittorio, who had led the bank for 18 years. The change in leadership was announced last March, and the two leaders spent the next nine months working together to allow for a seamless transition.

Its status as a locally based community bank will continue to be a branding focus for First National, which has 52 branches in Long Island and New York City.

"Our independence makes us special," Becker said. "We are still a local community bank serving the community from Port Jefferson into Manhattan. We are available to lend to small businesses and middle-market businesses, and we work with municipalities, nonprofits and consumers. Decisions are made locally; our management team is here, there's fast turnaround. We're not going to another state to get approvals."

First National's branches have a traditional look and feel, with fireplaces and dark woods.

"They're designed to be warm and inviting, since we focus on personal, one-on-one community relationships," Becker said.

But in addition to communicating its status as a local, friendly, traditional bank, First National wants to do a better job of getting the word out about its digital services, as well as its investment services.

"We offer all the digital channels to complement the personal touch," Becker said. "All the online banking channels are available for anyone that wants them, but we don't push them on people who would rather bank in person. There's always a balance between the traditional and automated feel, and it's important to offer both."

In Becker's estimation, the bank has "quietly done very well in the investment management and trusts area." Going forward, it would like to be less quiet about it.

"We want to give more attention to our investment management and trust services in our marketing," he said. "Investment management has been concentrated in larger institutions. A lot of smaller banks have gotten out of it, which creates opportunity for a level of investors that the larger institutions are not interested in. It's a nice niche we can serve for a lot of local Long Islanders to help them with their trusts and estates and wealth management. We don't have a minimum investment requirement; a lot of the bigger banks have minimums that people don't qualify for."

It's important to break through the clutter as market conditions have become increasingly difficult for local community banks. Following the banking crisis of 2008, a tightening regulatory environment led to an astronomical rise in compliance costs for financial institutions, a burden that has been particularly difficult for smaller banks to shoulder. And for many years, interest rates have been historically low, negatively impacting bank profits.

Many Long Island-based banks that were around 20 years ago are no longer in existence, Becker said, citing some of the bigger players in State Bank of Long Island, North Fork Bank, Suffolk County National Bank and the Bank of Smithtown, which have all been merged into larger banks.

State Bank was acquired by Valley Bank, North Fork joined Capital One Bank, and Bank of Smithtown and Suffolk County National Bank became part of People's United Bank, all of which are headquartered in other states.

In 2019, two Islandia-based banks entered into deals to become part of larger banks. Gold Coast Bank is being acquired by Short Hills, N.J.-based Investors Bank, while Empire National Bank will become part of Flushing Bank, which is based in Uniondale. Flushing, which has 20 existing branches in Nassau, Queens, Brooklyn and Manhattan, will add Empire's four branches, which include three in Suffolk County.

Bridgehampton-based BNB, which was established in 1910 and today has 38 branches from Montauk to Manhattan, is another remaining Long Island-based community bank.

But in the current low interest rate environment, "it's very difficult to survive as a traditional community bank in a metropolitan area," said Douglas Manditch, president and CEO of Empire National Bank, who will become a director of Flushing Bank once the deal goes through. "The net interest margin spread, which is the difference between earning assets and earning liabilities, is too small."

It's challenging for all community banks, but especially smaller ones.

"Size matters; there's no two ways about it," Manditch said. "You can spread the expenses out among a lot more earning assets."

Photo by Phil Molinari

CHRISTOPHER BECKER: First National's branches have a traditional feel, with fireplaces and dark woods.

Becker concurs that the biggest challenge First Long Island currently faces is the interest rate environment.

"Short-term and long-term rates are very similar, which makes for a flat yield curve," he said. Banks pay short-term rates on deposits and take in long-term rates on loans. A steeper yield curve generally has a positive impact on bank profits, while a flat curve puts downward pressure on profits.

"When those rates are very close, the spread narrows, and that makes it challenging to grow," Becker said.

Though it may be challenging for banks, the low interest rate environment, and the economy as a whole, has been good for businesses in the region.

"The businesses that we work with and businesses that we try to attract are doing well," Becker said. "The economy is still growing. We're trying to build relationships one at time. We have people out there on the street, talking to customers. We build on that one at a time. If you do that successfully you're going to build the bank."

First National, which has about 400 employees, has been in expansion mode for the last decade, opening two to four branches in many of those years. In 2019, it opened one, in Fort Hamilton, Brooklyn. Two are in the queue for this year, Becker said: one in Marine Park, also in Brooklyn, and the other in Riverhead. (The bank purchased a building in Riverhead and is going through the approvals process to make renovations.)

"We have 11 branches in New York City (Manhattan, Brooklyn and Queens), and nine of them have been opened in the last three years," he said. "The city is a big part of our expansion strategy. The majority of our branches are in Nassau and western Suffolk. We have tremendous opportunity both east and west of our main area of concentration, and we are looking for additional opportunities."

First National looks to open small branches – of about 1,000 or 1,500 square feet.

"Our footprint has traditionally been small

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branches," Becker said. "We feel it's important to have branch locations in communities we want to serve, so that customers have the availability to go there to open accounts and have their questions answered."

The small branches are in keeping with a larger industry trend. As many customers migrate to electronic banking services, they do not come into the branch as often as they used to, eliminating the need for larger branches.

-BERNADETTE STARZEE

Empire shareholders approve Flushing acquisition

The shareholders of Empire Bancorp voted on Thursday to approve a deal by which Empire will be acquired by Flushing Financial Corp. The vote, which was the final hurdle after recent regulatory approvals were obtained, clears the way for the deal to close on or about April 4, 2020.

The parent company of Flushing Bank, which is based in Uniondale, agreed to buy the parent company of Islandia-based Empire National Bank in October for an estimated $111.6 million.

"We are pleased that the Empire shareholders have provided approval to continue to move forward on our acquisition of Empire," John Buran, president and CEO of Flushing, said in a statement. "This approval brings us another step closer to the execution of our plan to merge our two organizations to achieve significant cost synergies and create one of Long Island's largest banks by deposit share among regional and community banks."

Empire has branches in Port Jefferson Station, Shirley and Mineola in addition to its Islandia flagship.

"This acquisition will expand Flushing Bank's reach into Suffolk County, creating a stronger community bank with a network of 24 branches in Queens, Brooklyn, Manhattan, and on Long Island," Buran said.

-BERNADETTE STARZEE

Taking stock of the virus

Stocks are falling as coronavirus cases and the uncertainty surrounding the deadly disease are rising. The stock market recently had its worst week since the financial meltdown of 2008, with the S&P 500 losing 11.5 percent and the Dow Jones Industrial Average dropping 12.4 percent. With fortunes and 401(k)s seemingly in freefall, what's a jittery investor to do?

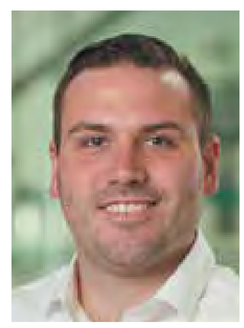
That depends on many factors, chief among which is time.

"If your time horizon is short – if you're retiring soon or you are already retired and it's your only money – you may want to go to a more defensive posture in your investments if you haven't done so already," said Craig Ferrantino, president of Craig James Financial Services in Melville. "But if you have a longer time horizon to invest, you may want to stay where you are, or step up to the plate and pick up some investments that are now on sale."

While no two investor portfolios are alike,

CHARLES MASSIMO

CRAIG FERRANTINO



FRANK BALAS

generally speaking, people who are five years or less from retirement "should not have been in an allocation where they are exposed to too many equities in the first place," said Charles Massimo, CEO of CJM Wealth Management in Deer Park. "This is true regardless of where the markets are. When the markets are good, people chase returns and they forget how much risk is involved. You have to maintain an allocation that is good for your needs and your time frame no matter what the market is doing."

For investors who are 20 to 30 years from retirement, the current woes should have no impact on allocations, Massimo said.

"The market always comes back," he said. "At the end of the day, the recovery will be there."

Another important lesson from the sudden turn of events is the perils of having too many eggs in one basket.

"It's risky to have a portfolio that is weighted too heavily in one asset class," Massimo said. "Even though everything's getting hit, tech is getting hit the hardest."

There are certain periods of time where the economic picture rewards risk-taking and certain times when it doesn't, said Frank Balas, who is manager of research and investment strategy for GM Advisory Group in Melville.

"We are in the last stages of the global cycle, and for the last 15 months the global economy has been slowing," Balas said. "As a result we have been defensively positioned, which has made conversations with clients a lot simpler over the last couple of weeks than they would have been if this were not the case."

While economic growth was still positive last year and the equity market had an outstanding 2019, the slower growth hasn't been a good environment for risk assets. "We have been leaning toward assets that trend upward with low volatility, such as long-term bonds, gold and companies in defensive equity sectors," Balas said.

In times of stress, "I think the most important thing as an advisor is to stick with your process, regardless of what that process might be," Balas said. "Make sure you remain disciplined and don't make any rash investment decisions. Very often when we allow emotion to affect our decisions, we don't make good decisions."

Wall Street hates uncertainty, and the magnitude of the impact that the virus will have on the country, the world and the national and global economies is still anybody's guess.

"The best-case scenario, we have some short-term disruption and the virus becomes another event like SARS, Ebola or H1NI, causing only a temporary disruption for a short period of time," Ferrantino said. "The worst-case scenario is it will impact supply, and shelves at Walmart and Target will be empty. With the economy doing well, we have a lot of people with money in their pockets, but when supply is low and demand is high, what happens is prices go up. When you have more dollars chasing fewer goods, inflation rises and long-term growth can be affected."

Last week's precipitous drop was concerning because it happened so quickly, Ferrantino said, but the market was due for a correction.

"We have had such a positive experience for the last few years. If you look at the months that were up versus the months that were down, it's been up more than 75 percent of the time, which is very unrealistic," he said. "We had this great up, up, up market with no real correction. With a 10 percent correction, I feel the market is normalizing."

The spreading virus may cause the world economy to shrink this quarter for the first time since the financial crisis, according to the Organization for Economic Cooperation and Development, a global agency based in Paris. While the world economy will still see growth for 2020 overall, growth will drop a half-percentage point to 2.4 percent, which could drop down to 1.5 percent if the virus lasts long and spreads widely.

OECD, which advises developed economies on policy, said the economic impact of the coronavirus is higher than past outbreaks because "the global economy has become substantially more interconnected, and China plays a far greater role in global output, trade, tourism and commodity markets," according to the Associated Press.

-BERNADETTE STARZEE

LI small businesses shut out of PPP mull seeking new lender or staying put

Donna Drake stayed up late on April 2, the night before the Paycheck Protection Program was due to begin accepting applications.

DONNA DRAKE

"I went to the SBA [Small Business Administration] site and downloaded a paper application, so that the minute the portal opened, I would have all my information ready," said Drake, who owns Drake Media Network in Huntington and hosts a weekly talk show on CBS-WLNY.

But her bank did not have the portal up on April 3.

"I drove to the bank and talked to the bank manager, who told me not to worry, it would be up soon, there was no rush – that it would be going on till June," she said. When the portal finally opened a few days later, she got her application in, requesting $17,000.

"I got a notice saying the loan application was complete, and then a follow-up email asking me to e-sign the documents," she said.

But a few days later, another email came, stating that her application had been denied.

"No one from the bank called to say, 'We need one more piece of information.' It was just denied," she said. "I am so disheartened. I have had a relationship with this bank since 1996, and I don't understand why they didn't say yes to me. This loan is meant for people like me."

The Paycheck Protection Program, which provides forgivable loans to help small businesses weather the coronavirus crisis and retain their employees through the end of June, ran out of money on April 16, leaving many applicants out in the cold. Some lenders were much more successful in securing loans for their customers than others, and as the federal government prepares to add $320 billion to the original $349 billion, some small business owners who were closed out the first time have been frantically searching for another lender.

"There's a lot of disappointment and a lot of regret," said Ed McWilliams, a director at Cerini & Associates in Bohemia, which has been hosting seminars to help small businesses navigate the PPP process. "Many people had what they thought was a strong relationship with their bank and it turned out they weren't as valued as they thought they were. Reports have come out that at some of the banks, the larger customers

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and private banking customers got priority treatment."

But as would-be borrowers have made a mad dash to switch banks, "the issue is that most banks aren't taking new clients for this," McWilliams said. "You have to be a pre-existing customer at many banks in order to qualify for these loans, so most people are stuck with what they've got."

Joe Ferreira, a partner at Hauppauge-based AVZ, said a couple of clients "who were attractive institutions" and whose banks were slow out of the gate were able to find a new lender in time to get a PPP loan in the first round.

"But many small businesses are in a conundrum," he said. "They don't even know if their application is in process and if going somewhere else will screw up the process."

Ferreira added, "Something like this is an example of what happens when you're a small fish in a big bank. Bigger customers' needs are going to be taken care of first."

Beth Granger, a Port Washington-based social media trainer, coach and speaker, did not submit a PPP application in the first round. As a customer at a large national bank, she was worried she would be lost in the shuffle. She posted her frustration on social media, saying she was considering switching banks and asking, "Who loves their small bank?"

"I got so many responses and suggestions that it was overwhelming," she said.

Granger went to one of the recommended community banks, which was accepting applications from new customers, and completed her application last night.

There are new options on this go-around, as additional lenders – including non-bank lenders PayPal, Square Capital and Intuit – were recently approved by the SBA to do PPP loans, McWilliams said.

"People will have an opportunity to apply through them, but I really don't know what their capacity will be," he said, recommending that people who have an application in with an existing bank "stay the course."

And stay on their banker's case.

"You need to be on top of the banker," Ferreira said. "You need to get an answer from the bank about where you stand; you can't let them off the hook. Find someone to answer your questions."

-BERNADETTE STARZEE

BNB Bank to become Dime Community Bank in $489M merger

The parent company of Bridgehampton-based BNB Bank is merging with Brooklyn-based parent of Dime Community Bank in a $489 million deal.

The two publicly traded firms, Bridge Bancorp and Dime Community Bancshares, announced the all-stock merger Wednesday.

The combined company will have more than $11 billion in assets, over $8 billion in total deposits and 66 branches spanning Montauk to Manhattan. The new company, which will be headquartered in Hauppauge, will operate under the Dime Community Bancshares name and BNB Bank will be rebranded as Dime Community Bank, according to a joint statement from the two firms. Certain branch locations on the East End will operate under the BNB Bank name for at least one year.

Dime will merge with and into Bridge, with Bridge as the surviving corporation, and Dime Community Bank will merge with and into BNB Bank, with BNB Bank as the surviving institution. Once the merger is approved by both Dime and Bridge shareholders, Dime shareholders will own about 52 percent and Bridge shareholders will own about 48 percent of the combined company.

Following the closing of the transaction, Dime shareholders will receive 0.6480 shares of Bridge common stock for each share of Dime common stock they own.

Kevin O'Connor, the current president and CEO of Bridge Bancorp, will become the CEO of the new company, while Stuart Lubow, the current president of Dime, will serve as president and COO of the company. The combined company will trade under the Dime ticker symbol DCOM on the Nasdaq stock market.

"This highly compelling combination will allow us to build on our complementary strengths and provide significant value for shareholders," O'Connor said in the statement. "Dime has earned its strong reputation in the greater New York metropolitan market, and I'm thrilled to partner with them. Our enhanced branch footprint and increased capital base will allow us to better serve the needs of our customers. In addition, both companies have strong balance sheets and demonstrated histories of low loan losses through prior cycles, which give me confidence that we will be well-positioned to succeed in any environment."

The merger is expected to close in the first quarter of 2021, subject to closing conditions, regulatory approvals and approval by the shareholders of each company.

-DAVID WINZELBERG

IRS issues new guidelines to help in a pandemic

As families struggle with economic stress triggered by the coronavirus, experts say help could be on the way by tapping into retirement funds.

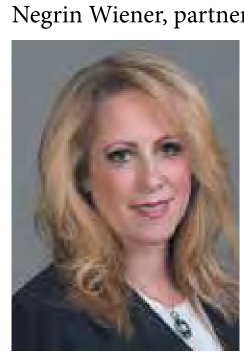
The Internal Revenue Service recently released new guidance to help retirement-plan participants affected by COVID-19. Provisions under the CARES Act are now providing enhanced access to plan distributions and plan loans.

VERONIQUE HORNE

"COVID-related distributions are reported as taxable income spread evenly over a three-year period, unless the taxpayer elects otherwise," Veronique Horne, senior principal at Berdon, an account and advisory firm, said. "The individual may repay such distribution at any time during the three-year period beginning on the day after the distribution is received, in one or more payments."

One important change for retirement plans is that required minimum distributions, or RMDs, for 2020 have been waived.

"Usually people are required to take some money from their IRA based on age," Melissa Negrin Wiener, partner with Genser Cona Elder Law, said. "Now, 2020 RMDs are being waived, including inherited IRAs… this was something really important to get out to our clients."



MELISSA NEGRIN WIENER

Under the new guidelines, there are certain requirements for eligibility. The coronavirus-related distribution is a distribution made from an eligible retirement plan to a qualified individual who was diagnosed with COVID-19. These guidelines extend to those whose spouse or dependent was diagnosed with the virus, who experienced adverse financial consequences as a result of being quarantined, furloughed, laid off, or having work hours reduced, or was unable to work due to lack of child care. Other factors may apply based on the financial impact from the pandemic.

These regulations under Notice 2020-50 have altered IRA and required minimum distribution rules for eligible individuals. From Jan. 1 to Dec. 31, the act allows for up to $100,000 of early retirement withdrawals and the 10 percent penalty for early distributions has been waived for those under the age of 59½.

These repayment contributions will be treated as if the person received a nontaxable rollover distribution and will not affect the contribution limit for that year. But if the distribution is repaid within the three-year repayment period, the individual may file an amended income tax return to claim a refund of tax paid attributable to the amount of the distribution previously included in income.

Horne added that prior to enactment of the CARES Act, qualified employer retirement participants could borrow up to the lesser of $50,000 or 50 percent of their vested retirement plan benefits, which were subject to a five-year repayment period.

Now, starting March 27 through Sept. 23, the cap on loans from qualified employer plans to participants has increased to $100,000. "The repayment period for such loans with due dates between March 27, 2020 and Dec. 31, 2020 is delayed for one year," she said. "Repayments of such loans will be adjusted for delay in the due date and interest will continue to accrue during the delayed repayment period… Calendar year 2020 will be disregarded for purposes of the five-year repayment period."

Horne said beneficiaries of some inherited retirement plans must withdraw the fund investments over a five-year period. If such a beneficiary forgoes the RMD for 2020, the CARES Act determines the five-year period without regard to calendar year 2020, thereby extending the distribution period to six-years. "This provides an extra year for the assets to grow tax-deferred," she said.

"It's important to talk with your estate attorney," Negrin Wiener added. "It's important to seek the guidance of professionals because you could really be harming yourself or others."

The general non-taxable 60-day deadline for IRA and RMD distributions to be contributed back to the IRA was extended through July 15, 2020. Under the new guidance, the deadline extends until Aug. 31. To avoid an income tax liability, an individual must return funds to the IRA by that date, regardless of when they withdrew the RMD.

The new rules can help families, but Horne urged caution. "Using retirement funds should be the absolute last resort," she said. "There are certain disadvantages to taking out a loan against a 401(k) – the individual is taking out pre-tax dollars and repaying with after-tax dollars. There is also lost opportunity for growth of these assets within the 401(k). In addition, if the taxpayer ultimately loses or changes their employer, they will have to repay the loan shortly after leaving the employer."

TIM SPEISS

Tim Speiss, leader of EisnerAmper's Personal Wealth Advisors Group, said that it could be an option as a loan, depending on the individual's foreseeable future. "If you're going to be staying with your current employer for the next three-to-five years, you're better off taking it as a loan," he said. "Definitely talk to your employer's HR and 401(k) advisors."

Negrin Wiener said clients are asking about about the new options. "This kind of opened everyone's eyes," she said. "It came full circle to remind everyone that it's important to get their affairs in order. The more we get this info out there, the more it helps people."

-JULIANNE MOSHER

The war on COVID

Back in February, as medical experts warned about the coronavirus, the general population knew very little about living through a pandemic. Oh, have times changed, as some of LIBN's coverage of COVID-19 demonstrates.

mihalec via depositphotos

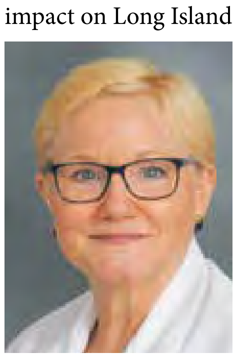
Epidemic proportions?

The coronavirus epidemic crossing the globe is getting nonstop news coverage, but Long Island medical experts say there's no reason to panic.

Those reassurances haven't stopped some from donning face masks while going about their day. For the most part, life here goes on as usual.

Whether the coronavirus will ultimately disrupt business and health on Long Island remains an open question.

"This one is unique because it's new," Dr. Susan Donelan, the medical director of healthcare epidemiology at Stony Brook University Hospital, said about the virus. "Its impact on Long Island remains to be seen."



DR. SUSAN DONELAN

The immediate economic impact involved the roiling of world markets, most of which recovered from the initial uncertainty. Many airlines cancelled flights to and from China.

As to impact on local businesses, "the answer is no, or at least it should not," said John Rizzo, chief economist for the Long Island Association, the region's largest business group. "True, flights and other trade with China has been curtailed in the interest of containing the virus. And that will have some adverse economic consequences which will probably be mild for Long island and confined to the first quarter of this year."

While the medical community follows U.S. Center for Disease Control and Prevention protocols, they say prevention is key, especially where we spend the bulk of our time. For many of us, that's the workplace.

That's why employers are urged to plan ahead to help ward off the spread of illness – whether it's the coronavirus or the common flu. For some organizations, this can mean revamping policies for business continuity, sick days and working from home. They may also want to plan carefully for any upcoming business travel.

Other recommendations include sharing reminders about proper sneezing and coughing etiquette.

And the face masks suddenly spotted locally are likely not providing benefits.

Still, when the CDC implements coronavirus screenings at New York JFK, the proximity to the virus hits a little close to home.

"The average Long Islander has little to worry about unless they are around people who traveled in China," said Anthony Santella, a public health professor at Hofstra University. "My hope is that it doesn't facilitate racism or xenophobia."

ANTHONY SANTELLA

The coronavirus can cause fever, coughing, wheezing and pneumonia. Experts think it spreads mainly from droplets when an infected person coughs or sneezes, similar to how the flu spreads.

The new virus is a member of the coronavirus family that's a close cousin to the SARS and MERS viruses that have caused outbreaks in the past. The new virus has sickened thousands, mostly in China, and killed more than 400 by midweek.

Last week, for the first time in the U.S., the new virus from China spread from one person to another.

In that case, the man diagnosed had caught the virus from his wife, a Chicago woman who became infected after returning from the epicenter of an outbreak, Wuhan in central China. There were previous cases in China and elsewhere of the virus' spread between people in a household or workplace.

Experts warn that the frenzy around the virus may overshadow a potentially bigger threat: this year's flu.

"This flu season is a particularly bad one," said Dr. Mark Jarrett, senior vice president, chief quality officer and deputy chief medical officer at Northwell Health.

DR. MARK JARRETT

Already, more than 19 million were diagnosed with flu in the U.S., with 180,000 of them hospitalized. The nation is currently experiencing high flu activity, and the CDC anticipates this pattern will continue for several more weeks.

"It's disheartening that people don't take advantage of the flu vaccine," Donelan said. "Even if it's not perfect [and some may] get the flu anyway, it keeps people out of the hospital or intensive care – or the morgue."

But Santella said, "It's not too late for the flu vaccine. And if you don't feel well, don't go to work or school."

To reduce the spread of a virus outbreak, employers should see to it that employees don't return to work until they are well, and aren't penalized for calling in sick, Donelan said.

Returning to work after five days "might even be on the early side," Jarrett said, adding that it can take at least that long to feel ready to be back to the office, Jarrett said.

Business continuity plans

In addition to absenteeism, a virus outbreak could hurt productivity and impact demand for goods and services.

That's why, Jarrett said, "businesses should always have a continuity plan," which can include working from home.

Employers, even those without deep pockets, have a host of resources available to them when navigating an outbreak.

Donelan also suggested staggered work shifts (including weekends and evenings) and distancing between workers on site. Consider conference calls or webinars instead of in-person meetings, and provide hand hygiene products and tissues.

Donelan said employers can look to small business consortiums or chambers of commerce as well as the CDC "for guidance and ideas."

Helpful online resources include the "Pandemic influenza Business Toolkit" by the Missouri Department of Health and Senior Services, Donelan said. Online searches for "pandemic influenza for businesses" results in lots of information.

As for travel, "the most important thing is situational awareness," and adjusting accordingly, she said.

Still, once a virus hits, it might be difficult for an employer to put together a continuity plan.

"When all settles down, they should build what they learned" into that plan, Jarrett said.

Not out of the woods, yet

With the coronavirus, experts anticipate additional U.S. cases, and say that at least some limited spread of the disease in the country was likely.

Quick detection and isolation of new patients would help prevent the virus from spreading.

With any contaminant, including the coronavirus or flu, there is the danger of cross-contamination.

That's why coughing and sneezing etiquette matter. Cough or sneeze into your elbow to maintain hand hygiene, and avoid touching the eyes, nose and face, Donelan said.

And in most scenarios, wearing face masks in public is not likely to protect against the spread of germs.

"They cannot be worn continuously for hours, as they lose efficacy once they become moistened by breath," Donelan said.

But the "bright side is people are less likely to rub their nose or mouth after touching a surface," Santella said. Still, he said "the average person has no reason to wear them."

And while all healthcare facilities work with their supply chain to ensure continuity of operations, "the routine use of masks in public can potentially deplete the supply to those in healthcare with patient contact," Donelan said.

Rizzo said experimental psychology has taught us that people systematically overestimate the danger of things that are particularly scary when they first occur. "For example, the dangers of earthquakes or airplane crashes are overestimated," he said. "This helps explain why many people are more fearful of catching a flight than driving their car, even though the latter is statistically more dangerous."

And there's always room for common sense.

"When I'm out in public and see people who don't look well, I'm going to cross the street," Santella said. "I'm always surprised when people are coughing on the train and touch the rails. That's how disease transmission works."

Economists say impact to be brief and minimal

Local economists agree that, unless something changes dramatically, the coronavirus outbreak's impact on Long Island will be minimal and short-lived.

"Any adverse impact on trade and tourism will be temporary… not permanent, and recoverable after the travel ban is lifted," said Martin Cantor, the director of the Long Island Center for Socio-Economic Policy and a former Suffolk County economic development commissioner.

The longer the travel ban to China remains in effect the greater the impact on Long Island, particularly on such items as electronic and other technological components assembled here, Cantor said. The result could be some loss of gross regional product. The travel ban, if it lingers, could also impact new business ventures from China on Long Island but limiting that nation's interaction with entrepreneurs.

John Rizzo, chief economist for the Long Island Association, said the lost flights and trade with China will have some adverse economic consequences, but be limited to the first quarter.

Rizzo pointed to past outbreaks. The coronavirus is about as infectious as the flu and SARS. "While much more deadly than the

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flu," Rizzo said, it is far less lethal than SARS.

"Previous breakouts of SARS have not brought down the economy, so why should the coronavirus," he said.

Most of the time "the market overreactions are done by market psychology and investors tend to overreact to distressing news — much to the response to the 'talking heads' in the media," said Jon Ten Haagen, a certified financial planner whose firm, Ten Haagen Financial Group, is based in Huntington.

"Long-term investors should be looking for select opportunities created by near-term loss of focus and confidence," he added.

Predictably, the outbreak has rattled financial markets and generated some frightening worst case scenarios in the media, Rizzo said. "But my best guess is that genius investors — Warren Buffett comes to mind — view this as a buying opportunity. And, to me at least, the smart money is on the genius investor," Rizzo said.

The Associated Press contributed to this story.

-ADINA GENN

Survival of the smartest

The lawn signs thanking healthcare workers may linger indefinitely across Long Island. And that would be fitting. Along with the rest of the essential workers that got us through the worst of COVID-19's hit in the region, it was healthcare workers who sprang into action, saving as many lives as possible when the pandemic first hit New York.

It was a heart-wrenching stretch of time for those who watched the pandemic play out on the streets – never mind what we saw on our screens – something we won't soon forget.

Back in late February and early March, some began dismissing the virus' impact, or the need to wear masks. But what unfolded on Long Island mostly told a different story. Some communities were already masking up. Businesses began planning to work from home. Some would soon lay off workers, or even close altogether. Shoppers at the supermarkets began decimating the shelves – wiping out entire inventories of toilet paper, and then meat. Hand sanitizer couldn't be found anywhere. Schools grappled with online learning. Skilled nursing facilities turned to virtual patient visits as they could no longer allow family members in to see loved ones as the federal and state guidelines shifted.

Was it hype that shut the region down? Not if you ask the healthcare workers setting up tents to handle the overflow of patients, stricken by this unprecedented virus, fighting to stay alive. Not if you asked local officials arranging for morgue trucks to accommodate those who fought COVID and lost. Not if you subsequently spotted Long Islanders grieving for their family and friends, colleagues and acquaintances who lost the COVID battle.

The county health department numbers paint the picture: To date, Nassau County saw 46,259 cases, while Suffolk saw 46,109.

At the heart of that fight was Long Island ingenuity – a resource earning global recognition back in 1969 when Grumman put

Photo by Kevin P. Coughlin / Office of Governor Andrew M. Cuomo)

Gov. ANDREW CUOMO and MICHAEL DOWLING, Northwell Health President and CEO, collaborated to educate the public about protecting against COVID.

men on the moon, with its Bethpage-based engineers behind the Lunar Module. Fast-forward 50 years-plus, and Long Island's talent pool was at it again, fighting COVID, and diminishing an infection rate in New York that would become the lowest in the nation – and to date, retaining it there.

The medical community began to mobilize in ways that serve as an example for the rest of the country where the virus began to take hold. With these efforts and more, Long Island is positioned to weather through the rest of the pandemic as the virus remains in the region.

Leading the fight was Michael Dowling, president and CEO of Northwell Health. Arguably, the healthcare system harkens Grumman, which in its heyday was the region's largest employer, as Northwell is now. Viewers tuning into Andrew Cuomo's daily press conferences in the height of the pandemic may have grown familiar with Dowling's presence at the dais with the governor as they pressed to educate the public about staying safe.

Along with New York's healthcare leaders, Dowling addressed the region's struggles, fighting the fight for staffers, patients and the public at large.

"Our tireless and dedicated staff treated more than 77,000 people when New York was the COVID-19 epicenter," Dowling said in a statement just last week. "They worked through and beyond exhaustion to care for people in need."

Innovation got the team through the diciest moments. Dowling redeployed more than 1,400 clinicians from their specialties to help the front lines. As the healthcare system's inventory of nasal swabs began to dip, Northwell 3D printed enough material to maintain testing. When it seemed that ventilators might run scarce, researchers and clinicians transformed 300-plus sleep apnea machines into ventilators.

The Feinstein Institutes for Medical Research president and CEO, Dr. Kevin Tracey, announced clinical trials to study the safety and efficacy of the drugs sarilumab and remdesivir, which would soon make headlines.

Meanwhile, COVID cases ramped up. Dr. Dwayne Breining, executive director at Northwell Health Labs, helped drive the rapid response to meet the need for COVID-19 testing. Northwell Labs provided mobile testing site expertise where it was needed – such as the state's first drive thru site in New Rochelle – and solving near-daily supply chain issues in the process.

And the innovation continued as Jones Beach became the first coronavirus drive-through testing site on Long Island, thanks to a close partnership with Northwell Health, Northwell Health-GoHealth Urgent Care and Cuomo.

Such scenarios played out across the region.

At Stony Brook University Hospital CEO Carol Gomes was instrumental in leading the team to maintain a "laser focus on resource management." Her leadership helped steer Long Island through not only the pandemic but also the shifting federal and state policy changes and guidelines. That included instituting a hospital incident command system to manage its response to the pandemic, serving as the backbone of the response across Suffolk County.

SBUH increased testing, provided safe surgical and procedural care and expanded telehealth response from 14 appointments a day to more than 1,300 a day, and ensured staff had enough PPE and clean scrubs.

Meanwhile, in Mineola, Dr. Joseph Greco had just begun his role as senior vice president and chief of operations at NYU Winthrop Hospital. Then COVID hit the region, putting Greco immediately to the test.

Under his direction, the hospital's conference space became a COVID acute ICU. The library transformed into a COVID staff-support area. Tents were set up to help with ER overflow.

Greco brought in traveling nurses from across the country to assist with staffing. And based on new and emerging sciences, the hospital pushed forward with the most advanced clinical techniques for treating COVID.

And Dr. Amy Rapkiewicz, chair of pathology at NYU Long Island School of Medicine and chief of pathology at NYU Winthrop Hospital, conducted a study of COVID patients who'd lost their lives. Through her research, she found blood clotting in COVID patients not only in the lungs but also in every organ and in every other part of the body. Her study, published by the Lancet, offered new insight into physiological issues occurring in patients with severe infections.

Thanks to her study, physicians began applying blood-thinning therapies.

"It's not going to prevent COVID," Rapkiewicz said, in a statement. "But we're trying to prevent the complications that cause people to die."

And at Mount Sinai South Nassau in Oceanside, Dr. Frank Coletta, the chief of pulmonary medicine and critical care, spearheaded the training of hospital physicians, physician assistants and medical residents from all medical disciplines to assist critical care, emergency medicine and respiratory physicians. These teams provided specialized medical care for more than 1,300 COVID-19 patients during the height of the pandemic.

This week, the United States is approaching 6.9 million cases, according to MarketWatch, and has exceeded 200,000 deaths.

As Long Island continues to see a low rate of infection, health experts credit the efforts of every day New Yorkers to fight against the spread.

"People are generally following guidelines, which include using a mask, social distancing and practicing good hygiene," Dr. Patrick O'Shaughnessy told Newsday. O'Shaughnessy offered his perspective as chief clinical officer at Catholic Health Services of Long Island, which has six hospitals in Nassau and Suffolk counties.

And as long as New Yorkers continue to be vigilant, the region may stave off another outbreak.

-ADINA GENN

Renewed vigilance

Stay vigilant.

That's the message from medical experts to the business community and the rest of the region as the rate of infection grows on Long Island – where, this week it was at 3.5 percent.

"The virus is very patient," said Dr. Susan Donelan, the medical director of Healthcare Epidemiology at Stony Brook Medicine. "There's no timeline. It's not in a rush to be somewhere else. It's waiting for you to get tired of whatever you're doing that's keeping you safe so far."

And the numbers are climbing. Hospitals now have four times as many COVID patients than they did in September, a Northwell Health spokesman said.

"This really just what's expected if people didn't pay careful attention to the masking, hand-washing and social distancing," Dr. David Battinelli, Northwell Health's chief medical officer, said about the spikes.

DR. DAVID BATTINELLI

"The virus was always around," he said, noting that earlier protective measures had "suppressed the transmission of the virus."

"It can easily be contained," he said, by doing "the same things we did before."

Long Island is grappling with an uptick, even as promising news of imminent, effective coronavirus vaccines make headlines. It's a fraught-filled moment riddled with pandemic fatigue as some shun mask-wearing in public and ache to return to their lives to freely mill about the office and spend time with family and friends.

Yet an accelerating infection rate could mean "further shutdowns in a sector that already been badly bruised – hospitality, movie theaters, recreation places – they've all been hit badly, said Martin Melkonian, an economics professor at Hofstra University.

In the business community, an emphasis on situational awareness can help keep first stay open.

"Business owners need to understand where their customers are coming from, and what's going on in those locations," Donelan said.

That focus gives owners "hyperlocal awareness," so that they know what's "becoming a hotspot," and can act accordingly, she said.

Regularly checking the state and county Department of Health COVID maps can help track the rate of infection and provide an understanding of the surrounding metrics.

"You don't want a fire on all sides," Donelan said.

And even though the numbers are going up, "we know how to suppress it" and can avert a crisis, Battinelli said.

Businesses should ensure that they have the proper processes in place now, Donelan said.

One action that helped slow down the rate of infection during the initial outbreak was enabling people to work from home – a tactic that Battinelli said would help now.

Staggering shifts at the office and eliminating group-lunches in the break room can also help. And no gathering at the office water cooler: "Instead spring for a few cases of bottled water," Donelan said.

"If they have to be at the office – have them sit every other desk or every third desk," Donelan said. And while Plexiglas may prevent the spread, it might be hard to find, depending on demand.

And don't let your guard down, including with mask-wearing – all it takes is an exhaling coworker who is contagious, leaning across a counter that can make you sick, Donelan pointed out.

Another useful resource is U.S. Centers for Disease Control and Prevention, which offers checklists and guidelines for operating a business in a pandemic, she said.

Of course, different sectors may face their own set of challenges, but benefit from gleaning lessons from the initial outbreak. For example, Maryellen McKeon, senior vice president of operations of Bristal Assisted Living, recalls all too well when personal protective equipment was difficult to get, as the staff remained committed to protect its residents.

MARYELLEN MCKEON

"Today, we know that in addition to this extraordinary staff, our strategy requires us to remain agile, to have the ability to quickly pivot as directives from the CDC and state warrant, to anticipate as much as possible, which is why, for example, we now have a four-month supply of PPE on hand, and to recognize that we are facing a relentless and unpredictable foe," McKeon said.

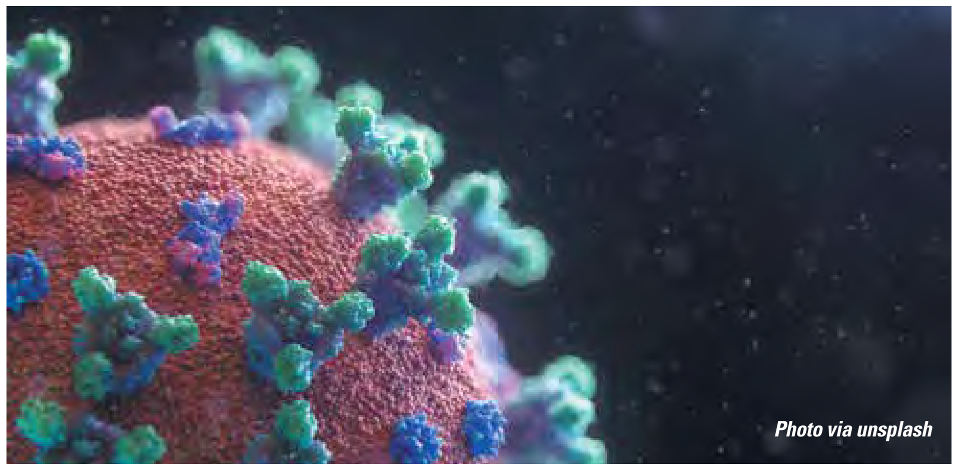

Photo via unsplash

It's that kind of diligence that will help protect the region, and local economy, experts said.

"If you pay careful attention to the usual measures then we can safely stay open," Battinelli said. "The problem is people just let their guard down."

Perhaps it's human nature that causes people to become lax, especially as the economy began to reopen, prompting Long Islanders to get out and about after the initial crisis had subsided.

"People misinterpreted our phased openings," believing that "it's safe, and the virus is gone," Battinelli said.

But as the virus remains ever-present, "masking has to continue until everyone is vaccinated – we're looking at another year," Battinelli said.

Even though vaccination may begin as early as December, many of the proposed vaccines require a second dose, and "you don't know if you are successfull until later down the road," he said.

And because people wouldn't be able to discern a vaccinated person from someone not vaccinated, "people will be masking well into the fall," he said.

And he said, "people think vaccines are 100 percent protective – they're not."

But if you are vaccinated, and "you get the disease, you're not as sick as if you had not been vaccinated," he said.

Meanwhile, it's vigilance that will protect the region, as there is the rate of infection climbs.

Patients are "not as sick as they used to be – we have better ways to care for them, and we're not doing it in a crisis mode," Battinelli said. "We didn't have testing then. Our care is better. There are no cures, but we'll be fine with manageable numbers."

And the newly declared 10 p.m. curfews may seem onerous to some, they may help to bring the numbers down, and "hopefully people see the positive effect," Battinelli said. Still, this could be a cycle that repeats, with restrictions lifted and people becoming lax again, he said.

How hard the region gets hit, and how long the uptick lasts "is still in our hands," Donelan said.

Beginning of the end

Top medical experts say that we are at the beginning of the end of COVID-19's dark onslaught. But even with the vaccine emerging in the region, winter continues to look bleak. Still, there are already important takeaways from this pandemic that will inform the future of healthcare on Long Island, and around the world.

That was the consensus of Long Island Business News's sponsored Healthcare Forum, a two-day virtual education presentation featuring thought leaders in medicine from around the region. Tuesday's panel, "The Future of Healthcare on Long Island," was moderated by Joe Dowd, LIBN's editor and associate publisher.

Yet, despite the previous experience with SARS and Ebola, "I don't know that any of us were as fully prepared as needed for what we faced with COVID-19," said Dr. Patrick O'Shaughnessy, executive vice president and chief clinical officer of Catholic Health Services.

"It's highlighted a host of challenges that exist in the United States health care system in terms of how we move from a system of truly reactionary sick care to more population health-based and public health-based measures to really try to keep the public as healthy as possible," he added.

O'Shaughnessy was joined by other panelists that included Dr. Robert Levy, a partner of AFC Urgent Care – Long Island; Dr. Kenneth Kaushansky, senior vice president for health sciences at Stony Brook University; Mary Mahoney, vice president of emergency management and clinical preparedness at Northwell Health; and Holly Seirup the dean of the School of Health Professions at Human Services at Hofstra University.

The panel coincided with the game-changing arrival of the first COVID-19 vaccine, whose limited doses first go to critical care workers and then nursing homes before distribution to the general public.

Yet despite the 300,000 Americans who already died from the virus, an estimated 30 to 40 percent of Americans say they are wary of taking the vaccine. The panel spoke about the need to educate the public about the vaccine. They also spoke of lessons learned regarding the federal response to the nation's lagging medical supply chain, the extraordinary resiliency from reconfiguring teams and the outlook for the region's future clinicians.

Experts say it's not too early to prepare for the next storm.

"Why aren't we thinking about making a pan-coronavirus vaccine?" Kaushansky said. "It might actually even work for the common cold."

But most immediately, the experts agreed, is the need to raise awareness about the vaccines safety and its approval by the U.S. Food and Drug Administration.

Perhaps the most effective means is "person-to-person education," Kaushansky said. "The biggest fear factor now is how could they have possibly made a safe vaccine in 11 months."

Such skepticism would have been warranted even two years ago, but not now, he said.

The vaccine's development "is not faster because we skipped safety steps," he said. "We did everything simultaneously this time, and that's why it's faster."

Supply chain

During the apex of the pandemic, accessing personal protective equipment and ventilators fed into the COVID crisis.

After working 12-hour shifts in the height of COVID, Levy still had work to do when he got home.

"I would go on to alibaba.com and I negotiated with multiple manufacturers overseas for PPE equipment," he said.

"Had we not done that, we simply would not have had masks through the peak of the pandemic," he said.

At the time, Stony Brook's engineering school partnered with the university's medical school to create a new ventilator, and designed plastic masks and face shields, Kaushansky said.

It also circumnavigated a shortage of medical providers to care for "437 very sick patients," he said.

"We took an ICU doctor gave him or her four or five hospitalists who are used to inpatient care but not to intensive care medicine, and the intensivist would supervise," he said.

"And in that way we were able to expand our staffing ," he said, adding that the experience of creating teams amid COVID can inform healthcare staffing and its response to the next pandemic.

There was so much unknown about the virus and the status of supplies and staffing, it was key to stay nimble.

"Besides having to create these teams and utilize different personnel for different purposes comes the fact of each time we change our PPE, whether it was our masks or our ventilators, we had to retrain our staff," Mahoney said.

"What's still lacking is what I call 'care traffic control,' O'Shaughnessy said. "To get through these kinds of situations - whether they be a mass casualty event or a pandemic - you have to have situational awareness on capacities, and I don't just mean locally I mean regionally."

Data-sharing on supplies and ICU and hospitalizations rates would be instrumental to help ensure that facilities had the assets they needed, he said.

"We could load balance," O'Shaughnessy said. "We could ship supplies and equipment. It doesn't even have to necessarily happen at the federal level. It could be delegated to local regional levels."

Boosting public health was the increase in telehealth, and the foresight to provide mental health to frontline workers so that they could process the crisis that they witnessed in real time, the experts said.

These lessons are already inspiring the next generation of clinicians.

Seirup said a "Dr. Fauci effect" has prompted "an increase in applications to medical schools."

"We're also seeing it in a lot of the other areas," she said "We're seeing it across all the health professions actually. So health administration, certainly public health, has gotten a new look completely."

Such key takeaways are key, O'Shaughnessy said, adding, "I hate to say this, but this is not our last event."

-ADINA GENN

THE YEAR OF COVID

As New York State locks down due to the COVID-19 pandemic, small businesses, restaurants, music, and recreational facilities go dark and quiet.

PHOTOGRAPHS BY JUDY WALKER

The field hospital at South Shore University Hospital in Bay Shore is being used as an infusion center to deliver antibodies to non-hospitalized COVID patients in an effort to reduce hospitalizations.

Helen Tull, director of concierge services at a major catering facility for the past 12 years, polishes up her resume in search of employment after losing her job in the hard-hit hospitality industry.

Dr. Stephanie Lubin lost her beloved 98-year-old "Nana" to COVID-19 last April. Dr. Lubin also contracted the virus and is still suffering long-term effects some six months later.

John Kanaras, co-owner of Whiskey Down Diner in Farmingdale, has faced challenging restrictions due to New York State law.

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ONTHEMARKET

BUSINESS SERVICES REAL ESTATE HOTELS & MEETING PLACES

Real Estate

Suffolk Office

Category:	Office
County:	Suffolk
Location:	1770 Motor Parkway, Islandia
Available Sq. Ft.	30,000Sq. Ft.
Asking Price:	$6 million sale/ lease price upon request
Agent:	Scott Berfas; Dan Oliver; Jordan Oliver
Brokerage:	Newmark Knight Frank
Phone:	631-424-4800

Nassau Residential

Category:	Residential
County:	Nassau
Location:	13355 Hook Creek Blvd, Valley Stream
Available Sq. Ft.	—
Asking Price:	$240,000
Agent:	Richard Maltz
Brokerage:	Schacker Real Estate Corp.
Phone:	516-349-7022

Additional: PUBLIC ADMINISTRATOR DIRECTED AUCTION: Online-Only Bidding January 12th – 14th. $240,000 Suggested Opening Bid. Details at MaltzAuctions.com.

Nassau Office/Industrial

Category:	Industrial/Retail
County:	Nassau
Location:	2374 Merrick Rd, Bellmore
Available Sq. Ft.	8,200
Asking Price:	Sale: $1,795,000
Agent:	Matthew Balzano & Chris Ferencsik
Brokerage:	Schacker Real Estate Corp.
Phone:	631-293-3700

Additional: Freestanding building in great location on Merrick Rd. with a rare yard! High ceiling, column-free warehouse plus office space with ample parking. Located on a corner lot with a traffic light

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