



IDA: \$20.8M renovation of data center will boost New Cassel

Updated June 29, 2016 6:14 PM

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This is an illustration of the data center and office building at 1025 Old Country Rd. in Westbury. The building is to undergo renovations to help attract high-tech customers.

The Nassau County Industrial Development Agency has approved tax benefits for the \$20.8 million renovation and expansion of a data center and office building in Westbury.

The facility, designed to create a hub for telecommunications businesses and support business development in the New Cassel area, will also be home to Long Island's sixth location of LaunchPad, a co-working space for startups.

Since 2007 the four-story, 186,000-square-foot building at 1025 Old Country Rd. has been the base of operations of 1025Connect, a data hosting company originally called the Long Island Data and Recovery Center. The building is also the site of a fiber optic co-location facility, or relay point for international internet communication.

The renovation will include new heating and air conditioning, new offices, backup generators to support computer servers, and the expansion of parking on a neighboring parcel.

The building, once a car dealership, has struggled to reach full occupancy in recent years. It was 85 percent vacant in January, according to IDA documents.



The data center and office building at 1025 Old Country Rd., Westbury, is to undergo renovations to help attract high-tech customers. The photo is from June 28, 2016. Photo Credit: Johnny Milano

The property was previously the subject of a bank foreclosure proceeding, the result of an unpaid \$27 million loan taken out in 2007, according to Trepp LLC, a Manhattan-based tracker of commercial mortgage-backed securities. Those troubles have not deterred the building owner.

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“I’m very persistent,” said Jeff Wasserman, the original 2007 borrower and current property owner. “I believed in what we were doing, so I was relentless to get back and not to waste all the efforts that I originally put into it.”

Wasserman said he was “fortunate enough to get back in control of the asset” and that the “building is on the most secure financial footing it’s ever been in.” The developer said he is confident the IDA’s assistance will give him the edge he needs to make the project a success.

Data centers such as 1025Connect are typically large groupings of networked computer servers used by companies for the storage and processing of large amounts of data. Additionally, 1025Connect houses a carrier-neutral co-location

facility, also known as a meetup room. The co-location facility gives users access to fiber optic cables that stretch along the bottom of the Atlantic Ocean and allow for the fast transmission of data to international destinations.

Hunter Newby, a co-founder of 1025Connect, said the relationship between customers of the co-location facility and 1025Connect is analogous to the tenant-landlord relationship of airlines and Kennedy Airport, in which airlines lease terminal space to have access to international flight routes, and the landlord is the Port Authority.

Renovations of the building will be completed as it recruits tenants, and could take as many as seven years to complete, the developers said.

The IDA approved the project for a sales tax exemption of up to \$778,500 on the purchase of construction materials and equipment, such as servers; \$196,087 off the mortgage recording tax; and a 15-year deal on property taxes. Property taxes will be frozen for the first three years and then increase 1.56 percent a year.

“The upside for this project is tremendous,” IDA executive director Joseph J. Kearney said. “We’re encouraging them to create something new here.”

Despite the underperformance of the property in the past, Kearney said he was “confident that they will be successful” and the project could “jump-start the New Cassel” economy. “We can, and we will, monitor the progress of this project carefully,” he added.

Andrew S. Hazen, chief executive and co-founder of LaunchPad, said that for his co-working space, “there’s a lot of room for growth in the building.” Hazen said LaunchPad plans to occupy about 7,600 square feet initially, and hopes to eventually expand to as much as 15,000 square feet.

