

A BOOM FOR BETHLEHEM The city lands the coveted CRIZ designation, and hundreds of millions of dollars in investment and thousands of jobs could result.

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Martin Tower in Bethlehem

Several years ago, Bethlehem's Sands Casino Resort and the burgeoning growth of nearby industrial properties on former Bethlehem Steel land forever shifted the city's economic development landscape. Now, another wave of redevelopment is poised to crest.

Competing with seven other Pennsylvania cities, Bethlehem emerged as one of two champs in winning the coveted City Revitalization and Improvement Zone program designation from Gov. Tom Corbett.

As a result, developers are eager to move forward with shovel-ready projects to further Bethlehem's rejuvenation. According to city officials, these projects could total \$350 million to \$400 million in investment over the next five years, with some activity expected to begin this year.

Through the CRIZ program, vacant, desolate or abandoned space can be developed for commercial use. In Bethlehem, the CRIZ covers 130 acres and allows certain state and local taxes generated by businesses in the zone to be used to finance construction and development of a variety of buildings.

The city's long-dormant Martin Tower in north Bethlehem and the shuttered Bethlehem Steel general office building near SteelStacks are just two redevelopment projects that could get the green light this year as a result of the CRIZ. In total, the city's projects that are included in the CRIZ could yield thousands of construction jobs and more than 4,000 permanent jobs.

"Bethlehem had by far, the best proposal across the state in terms of having developers ready to go," said Don Cunningham, president and CEO of Lehigh Valley Economic Development Corp., a regional agency that lobbied for Bethlehem to be included in the CRIZ program. (Besides Bethlehem, Lancaster was the other city to earn the CRIZ designation last week.)

Corbett signed the CRIZ program into law in conjunction with the 2013-14 state budget to spur new growth in cities that have struggled to attract development, help revive downtown areas and create jobs for the residents in the regions. It's a concept similar to the Neighborhood Improvement Zone, which has driven the large influx of investment and development in Allentown.

Originally, the proposed legislation for the CRIZ called for cities to have a population of 30,000 to 70,000. With Bethlehem's population at more than 70,000, Cunningham said, LVEDC's board of directors and government officials lobbied the state to encourage a change in the legislation to include not only Bethlehem but Easton, which has fewer than 30,000 people.

While the agency was unsuccessful in encouraging the state to include Easton, it did get the state to include Bethlehem by lifting the ceiling on the population restriction.

State Sen. Lisa Boscola, who has an office in Downtown Bethlehem, also proved a strong advocate for Bethlehem in winning the CRIZ, Cunningham added.

As part of a team effort, Boscola helped get the state to change the CRIZ legislation to these designated cities with populations of 30,000 or more, she said.

Once Bethlehem earned the right to apply, Boscola said, she knew that the city's CRIZ committee could create a "rock-solid application" that would be accepted because most, if not all of the projects, are shovel-ready and backed by private investment.

"I knew there was no way we could be denied," Boscola said. "I would agree that some communities probably needed that more."

Erie, Reading and York are all communities that could make the argument that they are more distressed, Boscola said. With Allentown achieving the NIZ, some people questioned why neighboring Bethlehem should get a CRIZ, Boscola said.

Boscola said she reached out to other communities that applied, including Reading and Erie, and said Bethlehem's economic development team would not mind helping them create an application for the next round of awards to "show them how we did it."

"Bethlehem will be the example of how to use a CRIZ and how to use it effectively," she said.

It was because Bethlehem's projects were shovel-ready and backed by private investment that the city was successful.

"There are a lot of projects in Bethlehem that can be redeveloped," Cunningham said.

These include redevelopment of Martin Tower and new construction of a convention center, hotel, Bass Pro Shops on a brownfield site in South Bethlehem, plus redevelopment of the Bethlehem Steel general office building into the Tau building, a \$30 million post-incubator workspace near SteelStacks. Also, developer Dennis Benner's \$45 million mixed use project near the Fahy Bridge at the New and Third Street intersection would benefit from the CRIZ.

The CRIZ opens the door to starting redevelopment projects early this year.

Some sites, including Martin Tower, could not be redeveloped without a CRIZ, Boscola said. Regarding the Pro Bass Shop, she said she was "almost positive that was going to happen."

Cunningham described the CRIZ award as good news for Bethlehem, but also the region, noting that the jobs these projects create would go to people throughout the Lehigh Valley.

Boscola said the Bethlehem CRIZ would produce 3,100 construction jobs within five years and 4,120 permanent jobs, plus \$83.3 million in new tax revenue for local and state government.

While the projects benefit Bethlehem, many of the employees would be living throughout the region, including in Easton and Allentown, she said.

"Now that the award has been granted, I think everyone can just get to work on these projects," Cunningham said.

Bethlehem will work with the state Department of Community and Economic Development and the state Department of Revenue to identify priority projects in its application.

"The intention of this is to spur economic development in areas that might be a little slow to start," said Alicia Karner, Bethlehem's incoming director of community and economic development. "It's too soon for me to say which projects are ready to start."

Karner previously served as economic development analyst for Northampton County and executive director for the Northampton County Industrial Development Authority. Karner, who acknowledged the efforts of many in writing the city's CRIZ application, was scheduled to start her new position Jan. 6.