

These Bethlehem properties could get a powerful tax break

Bethlehem Mayor Robert Donchez announces his picks for the next properties to get the CRIZ.



By **Nicole Radzievich**
Of The Morning Call

SEPTEMBER 6, 2017 | BETHLEHEM

BETHLEHEM — Redevelopment projects at the once-opulent Wilbur Mansion and the shuttered Dempsey's restaurant warrant help from Bethlehem's powerhouse City Revitalization and Improvement Zone tax incentive program, Mayor Robert Donchez said Tuesday.

CRIZ, which allows investors to pay off construction loans with certain state and city taxes generated from the development, would jump-start two highly visible projects valued at up to \$6 million and on properties vacant for years, the mayor said.

Get 3 months for **ONLY \$1**
Fall sale ends 9/22

SAVE NOW >

The Wilbur Mansion on the south end of the busy Hill-to-Hill Bridge, would transform the Civil War-era residence of railroad magnate E.P. Wilbur into office space. Also, the dilapidated building next to it, the former Masonic Temple, would be torn down for new office space.

Dempsey's, a once-beloved 24-hour dining spot near the Westgate Mall, would be torn down a dozen years after it served its final meals. An 8,500-square-foot building would be constructed on the site at Schoenersville and Catasauqua roads.

The projects must be approved by the Bethlehem Revitalization and Improvement Authority and state agencies. If they are, it could mark the first time in Pennsylvania that the benefits were transferred from one property to another since the CRIZ was awarded nearly four years ago to Bethlehem and Lancaster. According to the Pennsylvania Department of Revenue, no transfers have been approved to date.

CRIZ can cover no more than 130 acres in each city.

The CRIZ transfer being proposed would come from the CRIZ designation on 1.3 acres owned by the Bethlehem Parking Authority. The incentive isn't needed there because the properties are earmarked for garages.

The two projects Donchez recommended account for 0.35 acres.

Donchez and his staff are combing through applications from three other developers to fill out the balance of the acreage.

One high-profile contender is the Hotel Bethlehem, which is seeking an expansion that could include more parking, guest rooms and meeting space at the Jazz Age-era hotel.

Donchez said he did not want the vetting on the other projects to delay announcements on the Wilbur mansion and Dempsey's projects.

The mansion is in the Fountain Hill National Historic District, notable for ornate homes built by industrial capitalists such as Elisha Packer Wilbur, once the president of the Lehigh Valley Railroad, and treasurer and board member at Lehigh University.

Wilbur built the Gothic Revival home in 1865, and it underwent some major renovations 30 years later. It features include intricate woodwork and Tiffany glass.

The temple, built in 1925, has suffered decades of mold. The degradation of its structural steel make it unable to be saved. It had housed the Masonic Lodge, which celebrated its 150th anniversary in 2004.

The Wilbur mansion project has been in the works for a couple of years, but owner John Noble had been assembling the financing to market the projects.

Noble said the CRIZ incentive would enable the project to compete for office tenants against Allentown, which has an even more powerful incentive called the Neighborhood Improvement Zone.

The project would include 8,000 square feet of office space in the mansion and a 4,000-square-foot office building next to it after the temple is taken down. A 64-unit residential apartment building is planned to go behind it, but that part won't be able to take advantage of the CRIZ incentives, which get more lucrative when the project yields high-paying jobs and sales taxes.

Westgate Mall owner Mark Pepitone was not at the news conference. Karen Pittari, Westgate Mall's vice president of marketing, said in a telephone interview the company is excited about the designation and putting the former Dempsey's back to use.

She said she expects the site to house a mix of tenants that could include retailers and medical offices. She did not announce a timeline.

For 30 years, Dempsey's had been a popular place to dine after school recitals or Friday night football games. Diners would be greeted with the chubby, barefoot "Dutch boy" out front, but the icon has been removed since its 2005 closing.

The Westgate Mall has undergone a \$5 million face-lift and landed the SkyZone, a trampoline park in recent years.

Since the city received the CRIZ designation in December 2013, only the Social Still, a \$1.2 million project on the South Side, has opened. There are nearly \$31 million in projects under construction, including the Greenway Commons next door and Greenway Park a few blocks west at the corner of New Street.

Greenway Commons, a Peron development, is to be a mixed used development that will one day include offices, residences and retail. Greenway Park, under development by a company of developer Dennis Benner, would include first-floor commercial topped by five floors off space. Anchor tenants include Lehigh University and St. Luke's University Health Network.

Other CRIZ properties include pieces of the former Bethlehem Steel property, including the Steel General Offices, and the Martin Tower campus.

nicole.mertz@mcall.com

[Twitter @McallBethlehem](https://twitter.com/McallBethlehem)

610-778-2253

Copyright © 2017, The Morning Call