



# Bethlehem Revitalization and Improvement Zone

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## Memo

**To:** Board Members  
**cc:** Mayor Robert J. Donchez  
**From:** Alicia Miller Karner  
**Date:** January 10, 2020  
**Re:** Hotel Bethlehem Extension Request

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At the March 15, 2018 meeting, the Bethlehem Revitalization and Improvement Authority (BRIA) granted a CRIZ two year approval to the Christmas City Hotel, LLC, with the following conditions:

1. Project Applicant shall have received land development approval for the Project from the City, which approval shall be for a project substantially similar to the project described in the Project Applicant's application to the City originally dated November 30, 2016 and updated November 16, 2017;
2. Project Applicant shall have entered into a binding written agreement with the City confirming that, upon final completion of the Project, including its private Garage, that the Project Applicant shall provide a minimum of fifty (50) undesignated parking spaces in the Garage to the general public for at least 300 days per year. The posted parking rates will be at or above the prevailing market rates for garage parking within the City and be applicable to all Garage patrons.;
3. Project Applicant's new business entity shall have agreed to provide funds which, together with other available public and private funds, shall be sufficient to commence and complete the Project.

Because of the pending expiration of that approval, Bruce Haines, Managing Partner of Christmas City Hotel LLC, has requested an extension of four years to 2024. Mayor Donchez has expressed a willingness to support a two year extension with an option to renew for an additional two years.

To: CRIZ Authority

January 5, 2020

From: Hotel Bethlehem  
437 Main Street  
Bethlehem, Pa. 18018

Subject: CRIZ Designation Extension Request

The existing CRIZ designation for the subject parcel will be expiring in March 2020. Since designation in March of 2018, the hotel has been pursuing equity partners to commit to building the Hotel Conference Center expansion presented to you in 2017. Market conditions during this period have precluded execution of this plan due to the introduction of nearly 400 additional guest rooms from 3 new hotels in Bethlehem and Center Valley all opening during this period. The largest deterrent, however, to execution of this plan was the announcement of the sale of the Sands Casino to Wind Creek. The announcement of an additional 270 room hotel as part of that transaction coupled with an undetermined amount of meeting space created too much ambiguity for new investment at Hotel Bethlehem. The final announcement of 35,000 sf of additional meeting and banquet space was deemed to create excess hotel and meeting space capacity in the market in the minds of the investment community at this time. This space is larger than the 25,000 sf planned expansion at Hotel Bethlehem.

While the timing of these developments precluded the Hotel from executing this plan during the past 2 years, the plan remains a viable longer-term plan for the hotel. The Bethlehem area excess hotel and meeting space capacity will sort itself out as Bethlehem continues to grow and attract visitors to the region. The prospect of World Heritage designation for "Moravian Bethlehem" provides the opportunity to drive significant tourism and draw attention to Bethlehem as a potential corporate headquarters location. Both of these events would drive meeting and banquet demand to ultimately justify the additional capacity planned for Main Street in my opinion. The Wind Creek impact to the market will not be able to be adequately assessed until the end of 2022 at the earliest.

Therefore, request a four-year extension for the CRIZ designation such that this economic benefit can be factored into decisions regarding ultimate execution of this expansion plan. In discussions with the DCED Director and the Mayor, it is my understanding that this would also put the Hotel Bethlehem CRIZ parcel timeline reasonably consistent with competing CRIZ parcels on the Southside, Martin Tower, and Wind Creek. The hotel is continuing to work with the City to complete a contingent land lease agreement to create a right of way to Union Blvd from the new garage. Completion of that agreement, in addition to the CRIZ extension, is a necessary step to position the property for any potential investor.

Thank you for your consideration of my request. I think you will agree that creating a larger anchor for Main Street is in the best interest of the Historic District and the City of Bethlehem. It is my desire to help make this happen. Our USA TODAY "#3 Best Historic Hotel" in the country in August has brought significant attention to not only the hotel but more importantly to Bethlehem as an attractive destination. We need to capitalize on this by bringing a Fortune 1000 regional or corporate headquarters downtown and hope that you could encourage other CRIZ properties in that direction.

Sincerely,

Bruce A. Haines—Managing Partner-Christmas City Hotel LLC.