

# Zoners grant variances for 120-unit apartment complex in South Bethlehem

• Kat Schneider / November 21, 2024



WFMZ-TV | Jeff Ward

BETHLEHEM, Pa. – The Bethlehem Zoning Hearing Board approved variances Wednesday night for a project that could bring 120 housing units to the area of East Fourth Street.

Located at 1400 and 1414-1416 E. 4th St., the project is the fruit of combined effort from the city and Lehigh Valley Industrial Park VII, who have enlisted the help of Pennrose, a development company dealing in affordable housing.

According to Kelly Yan, who spoke on behalf of Pennrose, the project would be done in two phases. Yan said each phase consists of the construction of 60 multifamily units with relevant parking spaces. Yan said that 60 units is "the ideal size in terms of securing enough funding for a project like this."

To fund each phase, Yan said Pennrose applies separately to the Pennsylvania Housing Finance Agency for federal low-income tax credits. According to PHFA, the tax credit program gives tax incentives to owners of affordable rental housing.

"The incentive is an annual tax credit (a dollar-for-dollar reduction in the taxpayer's federal taxes) earned in the initial 10 years following when the units are placed in service assuming program requirements are met," explained the PHFA on its website.

Further, a developer can then market or "syndicate" the credits to investors. Then, the investor contributions become equity in the development's financing plan, according to the website. Yan also said that the low-income tax credit comes with a deed restriction that specifies a 40-year affordability period, a restriction that runs with the land.

Yan said the project includes two 44-unit buildings with one and two-bedroom apartments and two, three-story walk-up buildings with three-bedroom apartments.

The affordable one- and two-bedroom units are restricted to households earning less than 60% of the area median income or AMI. The three-story 16-unit walkups feature three-bedroom apartments restricted to those earning 60% AMI and above.

Phase 1 includes constructing one of the 44-unit mid-rise buildings inhabiting the corner of Fourth and William streets, while a second will be located just east along the Fourth Street Bridge. The two 16-unit mid-rise buildings will be located along Fifth Street.

The building at Fourth and Williams streets will be commercially used on the ground floor to increase foot traffic.

"We have been very intentional in the design process because of their prominent location," Yan said. "The Fifth Street properties will be designed to look like the area's existing townhomes."

City Director of Planning Darlene Heller said the project takes industrial use, cleans it up and puts residential housing back in its place. The site, which bears a sign that says "Szilagy Fuel," requires remediation, which will be handled by LVIP VII. "LVIP has been cleaning up brownfield sites for a while now, a lot of them, and they're very good at it," Heller said.

She also said the project supports the city's affordable housing initiative "Opening Doors," which documents "the very significant need we have for affordable housing not only in Bethlehem, but in the region as well," Heller said.

Wednesday's approvals were just the beginning of the project's journey. For instance, the plans have to go through a land development review where meetings will be held for public input. "This is just the start. We will be tweaking... It's a process," Heller said.

In total, the project was granted three variances including relief from housing density, setbacks and the requirement for commercial use on the first floor.

Housing density variances were required due to the timing of each phase, with the project ultimately coming in under the maximum 132 allowed units with 120 units planned.

According to Heller, the requirement for commercial use on the first floor doesn't make sense at all of the sites due to locations and foot traffic feasibility. Similarly, the last variance sought to allow setbacks from a requirement of 10 feet to zero feet, which is in line with the neighboring properties, Heller explained.