



NICK NICHOLSON
DIRECT DIAL: (859) 231-3950
DIRECT FAX: (859) 246-3649
Nick.Nicholson@skofirm.com

300 WEST VINE STREET
SUITE 2100
LEXINGTON, KY 40507-1801
MAIN: (859) 231-3000
FAX: (859) 253-1093

November 30, 2018

Mr. William Wilson
Lexington-Fayette Urban County Planning Commission
101 East Vine Street
Lexington, KY 40507

Re: Zone Map Amendment Request
2370 Sandersville Road (Hillenmeyer Lofts)

Dear Chairperson Wilson:

We represent CBROTHERS, LLC (the “Applicant”), and on its behalf have filed a zone map amendment request for the property located at 2370 Sandersville Rd (the “Property”). This zone map application seeks to rezone approximately 4.43 net (4.81 gross) acres from High Density Residential (R-4) zone to a restricted Light Industrial (I-1) zone. The purpose of this rezoning request is to allow for a Flex Space Project as regulated by Section 8-21(o)(5) of the Zoning Ordinance. The submitted development plan shows the reuse of the existing historic warehouse facility and office space to be used for three primary purposes: 1) Restoring historic automobiles, related storage, upholstery work, and machining of specialty car parts, 2) Warehouse use, specifically the storage of bourbon barrels, with accessory bottling line, and tasting room with a retail component, and 3) Office space.

The subject property has a significant and important history. The warehouse was built in approximately 1810 and was initially used as a warehouse and cotton mill. In 1828, Oldham, Todd and Co. purchased the property. Robert Smith Todd, one of the owners, was the father-in-law of Abraham Lincoln. Mr. Lincoln would, from time to time, visit his father-in-law at the office (“The Lincoln House”), which still exists and is in use on the subject property. Since its initial use as a cotton mill/warehouse, the warehouse has also been the location of a distillery. In 1880, Stoll, Clay and Co. converted the cotton mill into a distillery. Commonwealth Distillery Company made such brands as “Old Elk” with daily production of 45 barrels per day. The distillery was fed by a 20 foot wide spring which is still on the property. This use continued until about 1915 when Hillenmeyer and Sons purchased the property for use a nursery.

The historic warehouse is one of the last remaining brick distillery warehouses in the Bluegrass. The warehouse is 29,600 square feet. The historic office, often referred to as the “Lincoln House” is 2,600 square. The applicant intends to preserve these structures and at least partially return them to their historic uses as the Property has been used for warehousing oriented purposes for most of its history. There have been recent attempts to use the property for residential purposes and an event/catering center but none have been successful. These buildings need to be preserved and maintained. In order to accomplish this purpose these historic structures need to have tenants so that there will be sufficient funds generated for this important upkeep and preservation.

This application is in conformity with the following Goals and Objectives of the 2013 Comprehensive Plan:

THEME A: GROWING SUCCESSFUL NEIGHBORHOODS

Goal 2: Support Infill and Redevelopment Throughout the Urban Services Area as a Strategic Component Of Growth.

Objectives:

- a. Identify areas of opportunity for infill, redevelopment and adaptive reuse that respect the area's context and design features whenever possible.
- b. Implement innovative programs, such as the land bank, to facilitate sustainable development, including but not limited to, affordable housing and commercial and economic activity.

THEME D: IMPROVING A DESIRABLE COMMUNITY

Goal 3: Protect and enhance the natural and cultural landscapes that give Lexington-Fayette County its unique identity and image.

Objectives:

- a. Protect historic resources and archaeological sites.
- b. Incentivize the renovation, restoration, development and maintenance of historic residential and commercial structures.
- c. Develop incentives to retain, restore, preserve and continue use of historic site and structures, rural settlements, and urban and rural neighborhoods.

THEME E: MAINTAINING A BALANCE BETWEEN PLANNING FOR URBAN USES AND SAFEGUARDING RURAL LAND

Goal 1: Uphold the Urban Services Area Concept.

Objectives:

- a. Continue to monitor the absorption of vacant and underutilized land within the Urban Services Area.
- b. Encourage compact, contiguous, and/or mixed-use sustainable development within the Urban Services Area, as guided by market demand, to accommodate future growth needs.

Goal 3: Maintain the Current Boundaries of the Urban Services Area and Rural Activity Centers; and Create No New Rural Activity Centers.

The proposal is also consistent with the Comprehensive Plan's Land Use Change Consideration:

2. The proposed land use enhances, and is compatible with, adjacent land uses.
8. The existing utility and transportation networks will accommodate the new land use.
9. Underutilized land should be promoted for greater utility, function and/or residential density.
10. The land use will attract or retain a skilled workforce and/or further economic prosperity.
11. The proposed use or development will provide a mix of housing types, residential densities and/or land uses.
12. The use will promote historic preservation.
13. The land use should maximize opportunities to accommodate future growth within the Urban Services Area, include land that is underutilized, vacant or planned for a reuse.

The subject property has been vacant and underutilized for many years. Providing the opportunity for compatible Flex Space Project will help ensure the preservation of this historic property for years to come. The location and proposed project substantially meets the locational and compatibility factors set forth in the Zoning Ordinance for a Flex Space Project. It is located outside of the defined Infill and Redevelopment Area and is not on a major arterial. All of the proposed uses are either principal permitted uses or clearly incidental and subordinate to those uses. The parcel is surrounded by a litany of different zones and uses with Industrial, Residential, and Agricultural uses and zones all within 750 feet of the Property. As referenced above, the Property has a history with a majority of the very uses proposed. The Applicant is not proposing any significant new construction related to truck terminals, manufacturing facilities or large warehousing facilities. Finally, while there are residential uses proposed within the block – there is no proposed expansion of the facilities that will further encroach on the residential use of any adjacent land. This is simply returning existing facilities to their former use through a reinvestment and revitalization of the area.

As the Planning Commission is aware, a Flex Space Project is a principal permitted use in the Wholesale and Warehouse Business (B-4) zone. However, since the Applicant is requesting a small bottling line associated with the principal storage of the bourbon barrels, Planning Staff determined that this aspect of the project was not allowed in the B-4 zone. As such, we are requesting the Flex Space Project in an I-1 zone since any permitted principal uses in the B-4 zone are also permitted principal uses in the I-1 zone. The Applicant believes it is quite clear that the uses are allowed as they are either a principal permitted use in an I-1 zone or an accessory use that is clearly incidental and subordinate to the principal use as allowed in the Flex Space Project (Section 8-21(o)(5)(c)). Regarding the uses associated with the car restoration aspect of the use: the machining of car parts is a small operation. The mechanism in question is approximately 5'x10' automated machine essentially the size of a work bench that will produce no audible sound outside of the warehouse facility. Further, both a machine shop

and shops of special trade such as metal work, major automobile repair, and upholstery are permitted principal uses. While the Zoning Ordinance does not define Machine Shop, the Wikipedia definition provides: A machine shop is a room, building, or company where machining is done. In a machine shop, machinists use machine tools and cutting tools to make parts, usually of metal or plastic (but sometimes of other materials such as glass or wood). This is essentially what is being proposed. The bottling concept is very small in nature. The proposed portion of the warehouse for bourbon barrel storage will hold approximately 8,000-10,000 bourbon barrels, only a fraction of which would be ready to be bottled in any given year. It is estimated that the bottling operation will only result in enough bottles to fill two box-trucks a month. Simply put, this is not a mass production operation –just a necessary component of the final stage of the storage of bourbon barrels. There is also a desire to utilize a hand-bottling feature similar to one that is currently on display at Bluegrass Distillers. It allows customers to purchase a bottle that they pour directly from the bourbon barrel through the use of a tapped spicket. These bottling uses are certainly related to and subordinate to the proposed storage of bourbon barrels and will be an excellent neighborhood feature. Finally, the tasting room is a permitted use in the Flex Space Project as both the establishment for the retail sale of merchandise, food and food product & restaurants are permitted principal uses. A tasting room certainly fits within these categories. The Applicant is happy to discuss possible size, type, quantity or other similar restrictions if the Planning Commission, Staff, or neighbors have concerns about these proposed uses.

It is also the Applicant's position that the existing High Density Residential (R-4) zone is inappropriate and the proposed Light Industrial (I-1) zone is appropriate. The Property has been zoned for residential uses for over a decade (MAR 2006-26), yet the Property has never found a residential user. The financial impact of converting the warehouse into loft style apartments requires approximately \$400-\$500 of just renovation costs per square foot – this doesn't even consider the amount required to add the types of attractive amenities that new apartment users are demanding. This undertaking is not financially feasible as the required rent price to recoup the renovation costs alone cannot be justified in Lexington's rental market. Due to this reality, the historical warehouse has remained vacant or underutilized all this time and continued to deteriorate. Simply put, any use of the Property as a true High Density Residential use will result in the loss of these historic facilities as converting the warehouse into lofts as originally proposed is not a viable project and has failed to attract any interest since 2006. The proposed zone change will allow the existing facilities to be preserved and bring back some of their historical uses while become a neighborhood feature. Returning a historic bourbon warehouse to its original use, while encouraging its neighbors to enjoy our Commonwealth's premier product in a neighborhood friendly way gets at the very spirit of what our Comprehensive Plan encourages for these types of properties. Indeed, Theme D of the Comprehensive Plan stresses, the protection, preservation, and restoration of historic commercial structures is a goal of our community. Finally, industrial zoned land is in close proximity with substantial Light and Heavy Industrial corridors flanking the adjacent Spring Valley golf course and remaining Hillenmeyer Landscaping operations. As such, it is clearly appropriate to allow the facility to be returned to its former use through a zone change to a restricted Light Industrial (I-1) zone to allow the Applicant's proposed Flex Use Project.

As this application is processed through the various stages of review, the Applicant will work with your Planning Staff and neighbors to restrict some of the permitted uses in Wholesale and Warehouse Business zone. In a good faith attempt to show the Applicant's willingness to restrict uses, we voluntarily submit the following uses to be prohibited:

Mr. William Wilson
November 30, 2018
Page 5

1. Laundry (excluding self-service laundry), clothes cleaning or dyeing shop.
2. Ice Plant.
3. Tire re-treading and re-capping.
4. Kennels, animal hospitals and clinics.
5. Establishments and lots for the display, rental, sale, and repair of farm equipment, contractor equipment, mobile homes, recreational vehicles, such as mini-bikes, motorcycles, bicycles, or boats.
6. Truck terminals and freight yards.
7. Automobile and vehicle refueling.
8. Establishments for the display and sale of precut, prefabricated, or shell homes.
9. Carnivals.
10. Pawnshops.
11. Race tracks
12. Columbariums and crematories
13. Penal or correctional facilities
14. Indoor recreational uses
15. Grain drying
16. Storage of flammable or nonflammable gas
17. Concrete mixing
18. Cable television system facilities
19. Vehicle storage yards
20. Commercial composting
21. Helistops/heliports
22. Mining
23. Childcare centers
24. Circuses
25. Day shelters
26. Ecotourism facilities

I look forward to making a full presentation to the Planning Commission when this application is heard in December.

Best Regards;

Stoll Keenon Ogden PLLC



Nick Nicholson

NN:NN
991187.801187/7782139.1