

LOCAL

# This historic Louisville bourbon site could be demolished for apartments



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The three-story, red-brick rickhouse has stood at the corner of Lexington Road and Payne Street since 1895, once part of a sprawling bourbon distillery campus.

The Irish Hill neighborhood landmark at what is now called Distillery Commons for decades was used to hold tens of thousands of aging bourbon barrels in its wooden racking system, but since the late 1970s it has sat empty.

Various plans over the years to redevelop the Nelson Distillery Warehouse into living or office space never successfully came together.

Now, a new vision for the site, which is on the National Register of Historic Places, calls for the leveling the warehouse and construction of a mixed-use building, part of a larger multi-family

redevelopment of the Distillery Commons complex – a \$75 million investment in total.

Missouri-based developer Bamboo Equity Partners is asking the city to allow the demolition, arguing its uses are limited and there's no financially viable path forward to rehab the old rickhouse.

In place of the warehouse would stand a multi-use structure tentatively dubbed the “rickhouse apartments” to include first-floor restaurant and retail space and three to four floors containing 42 one- and two-bedroom rental units.

The proposed redevelopment goes well beyond just the warehouse demo and new building.

The Distillery Commons buildings, currently home to various businesses, would be renovated into a 167-rental-unit (studios, one- and two-bedroom) apartment complex and an amenity space and feature a pool, expanded surface parking and an interior courtyard.

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The nearby Headliners Music Hall is not part of the proposed development.

“We really want to play up the history and bring new life to these buildings,” said Dan Dokovic, Bamboo founder and managing principal. “We’re trying to connect the community there and have

a hub where you can live there, you can go down and have lunch at the restaurant and at night you can go to Headliners and listen to a show.”

Dokovic said plans for the whole redevelopment hinges on the demolition approval, as the proposed new building on the rickhouse site gives the project enough scale to make it work.

The current ask from developers will go before Louisville Metro Government’s Architectural Review Committee on Aug. 24. If denied there and appealed, the matter would go to the Louisville Historic Landmarks and Preservation Districts Commission.

It’s not the first time the historic bourbon rickhouse was slated for demolition.

Current warehouse owner Louisville-based Barrel House Lofts LLC attempted in 2020 to have the building demolished, citing the structure’s poor condition.

That wrecking permit was blocked when the Irish Hill Neighborhood Association successfully petitioned the city to designate the warehouse as a local landmark.

Lisa Santos, chair of the Irish Hill Neighborhood Association, was a leading member of the effort in 2020 to have the warehouse marked as a Louisville landmark, a designation that confers additional protections.

While the project itself sounds like a good fit for the neighborhood, she said, the proposal to level one of the last parts of the historic bourbon distillery campus is “disturbing” and could have been

avoided if ownership took better care of the old rickhouse instead of pursuing “demolition by neglect.”

“What they’re going to do in Distillery Commons, that’s an appropriate use of that building,” she said. “We’d rather they incorporate the rickhouse as part of the development.”

## **A century’s worth of history**

Before the neighborhood petitioned for the warehouse to be added to the local landmark registry, ownership applied for the building to be added to the National Register of Historic Places.

The warehouse, built in 1895-1896, is one of the last remnants of the Anderson-Nelson Distilling Co., which was once the biggest and oldest bourbon distilling company in Kentucky, according to paperwork filed for its inclusion on the national historic registry.

The distillery complex grew alongside the working-class neighborhood, which was settled by many Irish and German immigrants in the mid-1800s.

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Many distilleries operated at the site over about 134 years of operation. At its largest, it held about 35 acres of production space on both sides of Lexington Road.

The application noted it served as a “physical reminder of the role of the Kentucky bourbon whiskey industry in Louisville” and “survives as a rare example of an early bourbon aging warehouse in Louisville.”

Increased competition and falling demand ultimately led to the end of bourbon production at the site in the 1970s.

## **Past development efforts**

Since Kinetic Properties Inc.’s Ray Schuhmann bought much of the Distillery Commons property in 1979, the complex has been home to budding tech firms, antique studios, advertising and design firms and used for self-storage purposes.

Over the years, buildings from the sprawling distilling campus have been demolished, as in 1997 when a warehouse was leveled to make room for Breckinridge-Franklin Elementary School.

Current rickhouse owners Barrel House Lofts LLC put 100 Distillery Commons under contract in July 2013 and closed on the purchase from Schuhmann in January 2014 for \$250,000, according to documents filed with the city as part of the 2020 landmark case.

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It was during this time that Kinetic submitted the building for consideration to be added to the National Register of Historic Places.

Barrel House Lofts' initial plan in 2014 was to develop the rickhouse into more than 60 apartments with the help of historic tax credits, through which developers can recoup up to 20% of rehabilitation expenses.

According to the owners, that initial plan was abandoned when the tax credits were denied because the lofts project wouldn't meet historic rehabilitation standards.

They then tried to woo new investors to reuse the existing building but were unsuccessful, with high redevelopment costs cited as the deal breaker, ownership said in papers filed during its objection to the 2020 landmarking of the rickhouse.

Chad Middendorf of Barrel House Lofts deferred comment to Louisville attorney Cliff Ashburner, who has been involved in rickhouse redevelopment since 2020 and now represents Bamboo.

"The current owners spent quite a bit of time and certainly expended resources to try and redevelop the property," Ashburner said.

In July 2022, Bamboo filed for a "certificate of appropriateness" permit, which allows for changes to a building designated as a local landmark, including demolition. The filing cites "economic hardship" as a rationale for the demolition.

Louisville Metro Councilman Bill Hollander, whose 9th District includes Irish Hill, noted the rickhouse's historic nature in an email and said the application for demolishment "is an

opportunity to fully review both (the economic hardship) argument and the plans for investment and redevelopment of the site.”

Bamboo hired various consultants to evaluate the building whose findings showed there’s no “path to either the beneficial reuse of the building nor the financially reasonable renovation of the building,” the developer wrote as part of its filing with the city asking to tear down the rickhouse.

KPFF Consulting Engineers in Louisville did an inspection and found structural issues that led it to conclude the building “is unlikely to be able to serve in any occupied capacity beyond warehouse/storage,” adding that “a full-scale retrofit and reinforcing effort” would be needed to use the property for residential or office use.

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A Missouri-based firm ARCO gave Bamboo a quote of \$5.175 million to renovate the rickhouse for use as a warehouse and \$15.5 million to turn the building into apartments.

If the building were to be used as a warehouse, to get a reasonable rate of return, the rental rate would be nearly \$25 per square foot, well above the market average of \$5 to \$6.

Money aside, rehabbing the building would create a structure that’s mostly new and no longer historic, the developers argue.

“As much as we love redevelopment and bringing new history in the old buildings, this one didn’t qualify,” Dokovic said.

Should the city approve pending development requests, Ashburner said, Bamboo will purchase both the rickhouse property and the Distillery Commons complex for an undisclosed sum.

## **A new vision for Distillery Commons**

In place of the warehouse would stand a building that complements the rest of red-bricked Distillery Commons and “pays homage” to the leveled rickhouse, Dokovic said.

Renderings show a four- or five-storied structure with a similar outline as the current rickhouse, incorporating red brick and placed on the same axis.

Santos, with the neighborhood association, said her group has been clued into the development plans and supports a new residential community at the site. She also said preliminary designs for the rickhouse replacement appear promising and in keeping with the existing Distillery Commons complex, though history can’t be replaced.

“I know they’ll put something else up,” she said. “But it won’t be the same.”

Should the demolition be authorized, and the overall site plans be approved by the city, demolition could begin later this year, Dokovic said. The entire project is estimated to take two years.



“We enjoy finding buildings with character and history and completely renovating them,” he said.

“And that’s exactly what’s going to happen at the distillery.”