



AGENDA ITEM#: 7

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## MEMORANDUM

TO: Metropolitan Planning Commission

FROM: Mark Donaldson, Executive Director

DATE: November 14, 2013

SUBJECT: Revisions to the proposed amendment to the City of Knoxville zoning ordinance regarding definitions and standards for small breweries, wineries and distilleries 11-A 13-OA

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### REQUEST

In September 2013, MPC made a recommendation to City Council for a series of amendments of the City of Knoxville Zoning Ordinance creating the opportunity, designating the appropriate zone districts, and creating standards for brewpubs, tasting rooms, craft and other breweries, wineries and distilleries to develop in Knoxville. Since making that recommendation a new proposed craft brewery has emerged with the proposed adaptive reuse of an existing set of buildings in an existing commercial area. A modification to the size limit is required to accommodate this proposal. The item was postponed by City Council until December at the request of the city administration to allow the planning commission to make a recommendation on appropriate modifications to the original recommendation.

### BACKGROUND

Since researching the topic, meeting with several known groups who were interested in pursuing this type of development and preparing a recommendation for the planning commission, an additional craft brewery has come forward to propose the reuse of existing buildings in an established commercial area for the relocation of their present brewpub operation. A free standing warehouse building proposed for adaptive reuse as the production facilities for the craft brewery is greater than 10,000 square feet in area.

While preparing the original recommendation, regulations from many cities were reviewed. In them, there was a clear pattern of establishing a threshold to differentiate between "craft" operations and "standard" breweries, wineries and distilleries. Some cities used an annual volume of production measure, while others used an area of operation threshold. The proposed recommendation was to adopt an area of production threshold to provide for a one-time review at the time of issuing building permits and eliminate the need to revisit the volume of production on an annual basis thereafter.

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Among the cities that used an area of operation threshold, there was a range of threshold areas, roughly from 5,000 square feet to 15,000 square feet to differentiate between “craft” and “standard” operations. The MPC recommendation represented the midpoint in the range of thresholds identified. There is room to move and still stay within the range of what several other cities have established as a cap on the size of a craft brewery, winery or distillery.

## **ANALYSIS**

Staff’s original recommendation mirrored the thresholds established in Seattle, Washington, with a 10,000 square foot threshold in commercial zone districts and a 20,000 square foot threshold in more intensive zone districts. In two cities, St. Paul, MN, and Boulder, CO, both with strong traditions in craft brewing, a 15,000 square foot maximum size was established for the area of craft breweries, wineries and distilleries.

As operating area for craft breweries in Knoxville’s commercial zone districts is increased, the relationship between that operation and any nearby residential land uses is more likely to be a factor with what could be perceived as negative impacts on adjacent residential uses. Establishing a separation distance for any larger craft operations is one way to address and mitigate any potential impacts. The distance recommended for standard breweries, wineries and distilleries in the I-4 (Heavy Industrial) zone district is 400 feet. Any separation for a much smaller operation could be significantly less. A separation distance for craft breweries, wineries and distilleries that are larger than the original 10,000 square feet could be established at 200 feet (half the distance established for a large brewery, winery or distillery in the heavy industrial zone district) to recognize some degree of potential impact that a craft brewery, winery or distillery at the larger end of the scale may have.

In addition, the newly proposed facility brought to light some potential barriers to adaptive reuse of older buildings created by the standards for locating and screening loading areas and service doors. Additional language for the standards for craft breweries, wineries and distilleries as a use permitted on review is offered to provide some relief for existing buildings with established loading and service features.

## **STAFF RECOMMENDATION**

Staff recommends that the planning commission recommend approval of the proposed modifications to the amendments of the City of Knoxville Zoning Ordinance shown in exhibits B and F.

## **EXHIBITS**

- Exhibit B, definitions
- Exhibit F, standards for uses permitted on review
- Other unchanged exhibits from September meeting (A, C, D, E and G)

Current Use of related terms
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Article IV, Section 2.3.2      I-3, General Industrial District

D. Prohibited uses and structures. ...; *brewing or distillation of malt beverages or liquors; .....*

Article IV, Section 2.3.3      I-4, Heavy Industrial District

B. Uses permitted. Property and buildings in the I-4 heavy industrial district shall be used only for the following purposes:

2. Any of the following uses:

*c. Alcohol manufacture*

**Changes to the language considered by MPC in September are highlighted.**

Proposed Additional Definitions

Additions to Article II – Definitions

*Brewpub* - A type of eating or drinking establishment that includes as an accessory use the production of malt liquors, regardless of alcohol content by volume, for consumption on the premises; except that sales for off-premises consumption, if not prohibited by other local ordinance or state or federal law, shall be allowed in specialty containers holding no more than one U.S. gallon (128 U.S. fluid ounces), commonly referred to as growlers. The area of the establishment devoted to the production of malts liquors shall not exceed **five thousand** (5,000) square feet.

*Brewery* - A facility where malt liquors, regardless of alcohol content by volume, are produced in accordance with any manufacturing or wholesaling license required by Tennessee Code Annotated.

*Winery* - A facility where vinous liquors are produced in accordance with any manufacturing or wholesaling license required by Tennessee Code Annotated.

*Distillery* - A facility where distilled liquors or spirits are produced in accordance with any manufacturing or wholesaling license required by Tennessee Code Annotated.

*Craft brewery, winery and distillery* - A type of brewery, winery or distillery wherein the area of the establishment devoted to the production of malts and liquors shall not exceed ~~10,000~~ **fifteen thousand (15,000)** square feet in commercial zone districts or **twenty thousand** (20,000) square feet in industrial zone districts. The establishment may include a tasting room and may also include office, retail, eating and drinking establishment or event facility components in addition to the area devoted to production of malts and liquors.

*Tasting room* - A facility, or portion of a facility, accessory to a brewery, winery or distillery at which guests may sample the manufacturer's products and consume other nonalcoholic beverages.

Proposed Text Amendments to Allow Brewpubs and Craft  
Breweries, Distilleries and Wineries as Permitted Uses and Uses  
Permitted on Review in Commercial Zone Districts

Article IV, Section 2.2.4 C-1, Neighborhood Commercial District

C. Uses permitted on review.

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**4. Restaurants ~~Eating and drinking establishments, brewpubs~~**

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Article IV, Section 2.2.5 C-2, Central Business District

B. Uses permitted.

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5. Eating and drinking establishments, **brewpubs**.

C. Uses permitted on review.

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**5. Craft breweries, distilleries and wineries**

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Article IV, Section 2.2.6 C-3, General Commercial District

B. Uses permitted.

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2. Delicatessens and bakeries, eating and drinking establishments, **brewpubs**.

C. Uses permitted on review.

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**7. Craft breweries, distilleries and wineries**

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Article IV, Section 2.2.7 C-4, Highway and Arterial Commercial District

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B. Uses permitted. [NOTE: Includes uses permitted in the C-3 zone district]

C. Uses permitted on review.

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**7. Craft breweries, distilleries and wineries**



Article IV, Section 2.2.8 C-5, Tourist Commercial District

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B. Uses permitted.

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2. Restaurants **eating and drinking establishments** (not including hamburger, ice cream, soft drink, or other drive-in eating stand), **brewpubs**.

C. Uses permitted on review.

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**3. Craft breweries, distilleries and wineries**



Article IV, Section 2.2.9 C-6, General Commercial Park District

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B. Uses permitted. [NOTE: Includes uses permitted in the C-3 zone district]

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C. Uses permitted on review.

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**6. Craft breweries, distilleries and wineries**



Article IV, Section 2.2.10 C-7, Pedestrian Commercial Park District

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- B. Uses permitted.
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- 5. Eating and drinking establishments, **brewpubs**.

C. Uses permitted on review.

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- 7. Craft breweries, distilleries and wineries**



Article IV, Section 3.2 SC-1, Neighborhood Shopping Center District

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- B. Uses permitted.
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- . Eating and drinking establishments, **brewpubs**.



Article IV, Section 3.3 SC-2 and SC-3, Community and Regional Shopping Center District

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- B. Use Descriptions.
- 1. *Community shopping center*. In addition to the uses permitted in the SC-1 district, department stores and theaters, but not open air or drive-in theaters, **as well as craft breweries, distilleries and wineries**, shall be permitted in the SC-2 community shopping center district.



Article IV, Section 3.4                      PC-1, Planned Commercial District

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- B. Uses permitted.
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- 12. Eating and drinking establishments, **brewpubs**.

- Ba. Uses permitted on review.
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- 2. Craft breweries, distilleries and wineries**



Article IV, Section 3.5                      PC-2, Retail and Distribution Park District

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- B. Uses permitted. [NOTE: Includes uses permitted in the PC-1 zone district]
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- Ba. Uses permitted on review.
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- 2. Craft breweries, distilleries and wineries**



Article IV, Section 3.12                      TC-1, Town Center District

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- C. Uses permitted.
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- 5. Eating and drinking establishments, **brewpubs**.

- D. Uses permitted on review.
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- 4. Craft breweries, distilleries and wineries**



Proposed Text Amendments to Allow in the I-1, I-2 and I-3 Zone Districts:

- Brewpubs as Permitted Uses in I-3 only
- Craft Breweries, Distilleries and Wineries as Permitted Uses; and
- Breweries, Distilleries and Wineries as Uses Permitted on Review

Article IV, Section 3.9                      I-1, Planned Industrial District  
B. Uses Permitted.

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**8. Craft Breweries, Distilleries and Wineries**

Ba. Uses Permitted on Review

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**3. Breweries, Distilleries and Wineries**

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Article IV, Section 2.3.1                      I-2, Restricted Manufacturing and  
Warehousing District

B. Uses Permitted.

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**u. Craft Breweries, Distilleries and Wineries**

C. Uses Permitted on Review

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**3. Breweries, Distilleries and Wineries**

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Article IV, Section 2.3.2 I-3, General Industrial District

B. Uses Permitted. [NOTE: Includes uses permitted in the I-2 zone district]

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2.b. Retail, service, ~~and~~ eating and drinking establishments, and brewpubs.

C. Uses Permitted on Review.

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**3. Breweries, Distilleries and Wineries**

D. Prohibited Uses and Structures. ....; ~~brewing or distillation of malt beverages or liquors;~~ ....

Proposed Text Amendment to Allow in the I-4 Zone District  
Breweries, Distilleries and Wineries as a Permitted Use

Article IV, Section 2.3.3      I-4, Heavy Industrial District

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B. Uses Permitted.

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2. Any of the following

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~~c. Alcohol Manufacture~~ **Breweries, Distilleries and Wineries**

**Changes to the language considered by MPC in September are highlighted.**

Proposed Use on Review Standards for Craft Breweries,  
Distilleries and Wineries

Article V, Section 3 Development Standards for Uses Permitted On Review

F. Other Uses Permitted on Review.

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13. Craft breweries, distilleries and wineries.

- a. **Production facilities of craft breweries, distilleries and wineries that are greater than ten thousand (10,000) square feet shall be separated from residential uses located within a zone district primarily for residential or office uses by no less than two hundred (200) feet, as measured on a straight line from property line to property line. For purposes of this regulation, zone districts primarily for residential or office uses shall be the R-1, R-1E, R-1A, R-2, R-3, RP-1, RP-2, RP-3, EN-1, EN-2, O-1, O-2 and O-3 zone districts.**
- b. No outdoor storage shall be permitted.
- c. All malt, vinous or distilled liquor production shall be within completely enclosed structures.
- d. Loading areas **in a newly constructed facility** shall not be oriented toward a public street, nor shall loading docks be located on the side of any building facing an adjacent zone district primarily for residential or office uses. Where these districts or streets abut all sides of the property, these loading areas shall be screened by a solid wall or opaque fence with a minimum height of six (6) feet, in addition to any required landscape buffer.
- e. Service doors **in a newly constructed facility** facing a public street or an adjacent zone district primarily for residential uses shall be screened by a solid wall or opaque fence with a minimum height of six (6) feet, in addition to any required landscape buffer.
- f. **For adaptive reuse of existing buildings, newly constructed loading areas and service doors should be located so as to minimize any impact on surrounding public streets; and existing loading areas and services doors should be screened to the extent feasible from view from public streets or any adjacent zone district primarily for residential or office uses.**
- g. By-products or waste from the production of the malt, vinous or distilled liquor shall be properly disposed of off the property.

Proposed Standards for Breweries, Distilleries and Wineries

Article V Supplemental Regulations Applying to a Specific, To Several or To All Districts

**Section 23 Development Standards for Breweries, Distilleries and Wineries**

**A. For craft breweries, distilleries and wineries allowed as permitted uses in the I-1, I-2 and I-3 zone districts the following development standards shall apply:**

- 1. No outdoor storage shall be permitted;**
- 2. All malt, vinous or distilled liquor production shall be within completely enclosed structures;**
- 3. Loading areas shall not be oriented toward a public street, nor shall loading docks be located on the side of any building facing an adjacent lot that is in a zone district primarily for residential or office uses. Where these districts or streets abut all sides of the property, the loading areas shall be screened by a solid wall or opaque fence with a minimum height of eight (8) feet, in addition to any required landscape buffer;**
- 4. Service doors facing a public street or an adjacent lot that is in a zone district primarily for residential uses shall be screened by a solid wall or opaque fence with a minimum height of six (6) feet, in addition to any required landscape buffer; and**
- 5. By-products or waste from the production of the malt, vinous or distilled liquor shall be properly disposed of off the property.**

**B. For breweries, distilleries and wineries allowed as permitted uses in the I-4 (Heavy Industrial) zone district the following development standards shall apply:**

- 1. No facilities within 400 feet of a residential use or zone district primarily for residential uses;**
- 2. All malt, vinous or distilled liquor production shall be within completely enclosed structures;**
- 3. Loading areas shall not be oriented toward a public street, nor shall loading docks be located on the side of any building facing an adjacent lot that is in a zone district primarily for residential or office uses. Where these districts or streets abut all sides of the property, the loading areas shall be screened by a solid wall or opaque fence with a minimum height of eight (8) feet, in addition to any required landscape buffer;**
- 4. Service doors facing a public street or an adjacent lot that is in a zone district primarily for residential uses shall be screened by a solid wall or opaque fence with a minimum height of six (6) feet, in addition to any required landscape buffer; and**
- 5. By-products or waste from the production of the malt, vinous or distilled liquor shall be properly disposed of off the property.**