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**VIA E-MAIL TO: [jeff.gottke@gahanna.gov](mailto:jeff.gottke@gahanna.gov)**

Gahanna City Council  
c/o Jeff Gottke  
200 S. Hamilton Road  
Gahanna, Ohio 43230

Honorable Members of City Council:

My law firm represents principals of Velocis Gahanna JV, LP (the “Company”), which is seeking to develop a new industrial/warehouse facility consisting of approximately 141,000 square feet of floor space on just less than 10 acres located on Tech Center Drive in the City of Gahanna. In order to allow this project to be economically feasible and therefore come to reality in a competitive central Ohio marketplace, it will need the benefit of a real property tax abatement. On June 9, 2025, City Council’s Committee of the Whole considered Ordinance Number ORD-0030-2025, which concerns the Community Reinvestment Area (“CRA”) Agreement between the Company and the City and details the terms under which an abatement would be provided. City Council will continue to consider this legislation in the coming weeks. The purpose of this letter is to provide further details in support of the requested abatement.

In considering the proposed abatement term and percentage for the project (12 years, 80%), it is worthwhile to review five other “new build” projects accommodating similar uses to the Company’s proposed uses that have been granted real property tax abatements by the City commencing between 2018 and 2024.<sup>1</sup> This is based on an analysis of the latest available data provided by the Franklin County Tax Incentive Review Council (“TIRC”) from 2024, which reviewed abatements and other incentives for 2023 (*see accompanying 2023 TIRC report*), as well as the City’s CRA agreement with Burns & Scalo, which has developed property next to the Company’s site. Each project (other than Burns & Scalo) contains a significant warehousing or industrial warehousing component. A detailed spreadsheet summarizing the retrieved data also accompanies this letter.

The abated projects for purely new construction from 2018 through 2024 range in size from 12,000 square feet of space to 193,000 square feet of space. With 141,000 square feet, the Company’s proposed project is by far larger in terms of building size than all of the others except for the one that is 193,000 square feet. The Company’s overall investment in its project will significantly

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<sup>1</sup> Several other projects were provided abatements but were directly tied to existing businesses that were retaining jobs in the City. Those types of projects are not included in the analysis provided in this letter because the existence of retained jobs does not make for a fair comparison to abatements being provided for projects with no existing payroll in the community.

exceed that of the others, with the next largest investment trailing Company's by just under \$2.5 million. Its investment is nearly double the average of the four others.

It is also noteworthy that the projected annual pay per job for the Company's project is right on par with the average of the five other projects. The average term of an abatement of the other five projects is 10.8 years, with an average abatement value of 84%. The average term length for the abatement is skewed by a small project which contained only 12,000 square feet of space and therefore received only a 7-year, 75% abatement. Without it, the other four projects averaged almost 12 years in length years in length and 86% of taxes abated. Therefore, the 12 years and 80% sought by the Company for its Tech Center Drive facility are right in line with those already-granted abatements.

The most analogous project to the Company's in terms of size and investment is the Taylor Industrial Park, based on the TIRC's data. It consists of 193,000 SF and a \$16.6 million investment, as compared to the Company's 141,000 SF of building and \$19.05 million investment. Taylor Industrial Park was granted a 15-year, 100% tax abatement. The Company seeks three less years and 20% less in terms of the value of the abatement, recognizing that the number of jobs and overall payroll for Taylor Industrial Park justify that project's receipt of the maximum abatement term and percentage that is available. However, the relative similarities of the projects in terms of building sizes and investment demonstrate that Company's ask is reasonable and in line with past practices for the City.

At the Committee of the Whole meeting, a comparison was made between the Company's project was the nearby Burns & Scalo project, which received a 12-year, 70% abatement. When comparing the two projects, the initial projected payrolls are similar, with the Burns & Scalo project having slightly more. Over time, that project commits to further job and payroll creation. But this is only one data point by which the projects may be measured and compared.

The investments on the respective sites are vastly different. Burns & Scalo is constructing a building that is 34,500 square feet in size and is investing \$8.8 million into its facility. The Company is constructing a building that is over 4 times that size (141,000 square feet) and is investing over 2.1 times as much money (\$19,052,309). The probability of bringing more jobs to the Company's site over time which will be over and above the minimum commitment that is being made in the agreement is much higher than on the Burns & Scalo site, given the large difference in building sizes. This provides much more upside potential in terms of job creation and payroll. Additionally, the City and school district will receive much more tax revenue from the Company's unabated land value when compared to the Burns & Scalo property during their abatement periods. The Company's purchase price for the land will be approximately two times the value of the Burns & Scalo land and will be set as the County Auditor's appraised value. It stands to reason then that, during the abatement period, Company's improved property will generate twice the property taxes for the City and school district.

But that is not the whole story. While it is easy to do so, the economic impacts of a project after an abatement term expires should not be ignored. The annual real property tax revenue generated from the Company's site after twelve years will be over 2.1 times that of the other site for decades to come. For instance, over a period of two decades after the expiration of the abatement, the

difference in benefit to the City and school district in terms of real property tax collections will be compounded and substantial. This justifies an additional 10% of abatement for the Company's project. It would be a mistake to merely evaluate and compare the projects based on a 12-year life span, as new buildings will continue to exist well beyond that timeframe and will continue to yield economic benefits to the community in a number of ways. Therefore, the term and percentage of the proposed abatement must be viewed through this lens.<sup>2</sup>

Abatements of the length and percentage being sought are common for speculative industrial/warehouse buildings in suburban central Ohio communities. In most all instances investments of the general size being proposed by the Company are granted a 100% abatement over 15 years. Below is a summary of some of these recent projects based on available public records:

**Summary of Central Ohio Tax Abatements for Speculative Industrial Buildings**

| <u>Community</u> | <u>Project Name</u>                            | <u>Abatement Start</u> | <u>Project Investment</u> | <u>New Jobs</u> | <u>Abatement Term (Yrs)</u> | <u>Abatement %</u> |
|------------------|--|------------------------|---------------------------|-----------------|-----------------------------|--------------------|
| Canal Winchester | Canal Winchester Industrial & Comm Corp.       | 2021                   | \$4,286,500               | 30              | 15                          | 100                |
| Grove City       | Southpark Place Ohio Becknell Investors        | 2020                   | \$8,890,000               | 24              | 15                          | 100                |
| Grove City       | 1933 Marlane Drive Ohio Becknell Investors LLC | 2020                   | \$21,211,800              | 40              | 15                          | 100                |
| Groveport        | NH41 Columbus Hamilton 1 LLC                   |                        | \$18,760,400              | 50              | 15                          | 100                |
| Groveport        | MDH F2 Columbus Green Pointe LLC               | 2022                   | \$7,190,400               | 35              | 15                          | 100                |
| New Albany       | 9360 Innovation Campus Way                     | 2022                   | \$13,844,900              | Unknown         | 15                          | 100                |

The available abatements in other communities means that the length and percentage of abatement being requested by the Company are the minimum necessary in order to provide a competitive economic development opportunity for the City of Gahanna. In closing, we would like to thank you for your open minded consideration of the matters before you. We look forward to further dialogue going forward.

Sincerely,



Aaron L. Underhill

<sup>2</sup> At the Committee of the Whole meeting, a question was asked regarding the use of tax increment financing ("TIF") funds for the project. Please be advised that the Company has not requested, and will not request, the creation of a TIF district or the use of any TIF revenues for its project.