



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date:

District F

Item Creation Date: 8/23/2022

LGL - Parcel LY20-021; City of Houston v. Mola Ventures LLC, et al.; Cause No. 1168543;  
Spellman Detention Basin Project; WBS/CIP No. M-420HUD-005A-2

Agenda Item#:

**Summary:**

Authorize the City Attorney, by Motion, to settle the condemnation matter of *City of Houston v. Mola Ventures LLC, et al*; Cause No.1168543, for an additional \$905,150.00 above the award of the special commissioners for a total compensation of \$3,100,000.00. Funding will be provided by a previously approved blanket appropriation ordinance.

**Background:**

The Spellman Detention Basin Project is part of the City’s program to provide a new detention basin to the area near the 6400 block of West Bellfort Avenue, adjacent to the Fondren Diversion Channel north of Willow Waterhole. The detention basin has a proposed maximum volume of 208 acre-feet, which will help mitigate flood risk to residential and commercial structures in the Willow Waterhole Bayou drainage area of the Brays Bayou watershed.

The Project will utilize funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grant (CDBG-DR15) program. These funds are administered by the City’s Housing and Community Development Department (HCDD). HCDD has requested the Release of Funds from HUD and has received the Authority to Use Grant Funds (AUGF). Real estate acquisition costs and expenditures for the Project will come from the Dedicated Drainage and Street Renewal Capital Fund-Ad Valorem Tax (Fund 4046) and will cause a transfer of funds from the Dedicated Drainage and Street Renewal Fund-Ad Valorem Tax (Fund 2311) when expenditures are presented for payment. The reimbursement to the City of such eligible expenditures, costs, and bills for the Project will be deposited in Fund 2311 and expenditures will be reimbursed by CDBG-DR15 funds in accordance with the Letter of Agreement (LOA) between HCDD and HPW for the Project.

This eminent domain proceeding involves the acquisition of fee ownership interest to a parcel of land containing a total of 53,958 square feet. The property is located at the corner of West Bellfort Avenue and Gallo Drive in the City of Houston. The property was purchased in 2017 by Mola Ventures LLC (Mola) who then initiated the process to develop the property for a gas station, convenience store, small retail, and Checkers drive-thru restaurant. Mola completed the City’s construction and flood mitigation permitting process in 2019, procured tenant leases in early-2020, and began preconstruction activities in mid-2020. In October 2020, the City first informed Mola that the property would be needed for the Spellman Detention Basis Project. Prior to sending the matter to the Legal Department, the City attempted to negotiate a purchase of the property with Mola, but those efforts were unsuccessful. The matter was then referred to the Legal Department to initiate eminent domain proceedings to acquire the needed property. The Legal Department filed the eminent domain petition and a Special Commissioners’ hearing was held.

The Defendant then filed an Objection to the award of the special commissioners and the litigation was docketed for a jury trial setting. The court also ordered the parties to attend mediation. At the conclusion of the mediation, the court-appointed mediator recommended a Mediator’s Settlement Proposal. Both parties agreed to the proposal and the result was an increase of \$905,150.00 above the award of the special commissioners to fully settle the litigation, which resulted in a final compensation total of \$3,100,000.00 for the property condemned.

**City’s Appraisal/Valuation:** ..... \$1,989,000.00

**Landowner’s Appraisal/Valuation:** .....\$4,720,000.00

**Award of the Special Commissioners’ Hearing.** .....\$2,194,850.00

**Settlement Amount:** .....\$3,100,000.00

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*Arturo Michel*

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Arturo G. Michel, City Attorney

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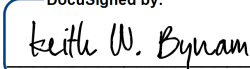


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Carol Ellinger Haddock, P.E.  
Director, Houston Public Works

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Keith W. Bynam, Director  
Housing and Community Development Department

**Prior Council Action:**

Ordinance No. 2021-665, passed 8/4/2021; Ordinance No. 2019-931, passed 11/20/2019; Motion No. 2021-0556, passed 10/13/2021

**Amount and Source of Funding:**

\$905,150.00; Funds previously appropriated under Ordinance No. 2019-931 out of the DDSRF Fund 4046.

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