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June 4, 2026

**CONFIDENTIAL CORRESPONDENCE
ATTORNEY-CLIENT PRIVILEGE**

Mayor Fischer and City Council
City of Novi
45175 Ten Mile Road
Novi, MI 48375

RE: New Lawsuit – *Villas at Stonebrook Condominium Association v City of Novi and Avalon Investment Group* (filed 6.3.2026)

Dear Mayor Fischer and Council Members:

As the City Manager let you know, the City was served with a Complaint by the Villas at Stonebrook Condominium Association yesterday. The case has been assigned to Judge Yasmine Poles. The Complaint does ask for money damages against the City, so it will need to be sent to the City's current insurance company (more on that later in this letter).

It is a highly unusual document. In some respects, it's a pretty standard complaint against a municipality—it has constitutional claims against the City for inverse condemnation/takings, a nuisance claim, a trespass claim, an unjust enrichment claim, and one for "declaratory judgment." I say these are "standard" because those are recognizable legal concepts against a local government relating to land use issues. What makes this Complaint so unusual is in the broader sense. I can't say that I've ever seen a pleading that just asserts, essentially, that the developer of residential subdivision/condominium property at issue just made a bad deal a half dozen years ago and asks the court to just either let the residents out of their obligations under their development approval or, alternatively, have the City give them money.

Since there have been recent pleas at Council meetings and multiple letters by the residents at Villas of Stonebrook, Councilmembers are pretty familiar with the subject matter: Villas of Stonebrook residents don't like the fact that the developer of their condominium complex, Pulte Homes, agreed to include in the Development Agreement a provision giving the City an access easement across the main private road leading from Wixom Road (Stonebrook Drive) into their development to access Wildlife Woods Park. They also object to Pulte's allowing access for the owner of the property to the north (Avalon, the Co-Defendant developer also named in this case) over Stonebrook Drive to its property (as opposed to Wixom Road). The Development Agreement between the City and Pulte didn't include any ongoing maintenance payments or financial obligations of any kind.

Outline of the Complaint

Stonebrook is basically asserting that these conditions in the Development Agreement with Pulte are invalid and unenforceable, because they constitute an improper taking of their private property (Stonebrook Drive) by the government without compensation; that they allow a trespass onto Stonebrook's private road without proper compensation; and that they amount to an "unjust enrichment" of the City at their private expense. The Complaint also alleges that the easement requirements create a nuisance, because the City has since 2019 increased the intensity of the use of Wildlife Woods Park to a degree so significant that it has improperly expanded the "burden" on the Stonebrook property in a way that is not permitted under Michigan law relating to easements. The Complaint also makes the same argument that Stonebrook made during the earlier hearings at the Planning Commission and City Council that the easement for access to the north property violates the Condominium Act.

They are asking the Court to invalidate the easements and "enjoin the public's use of Stonebrook Drive to use and access the park" (that is, to cut off any access by the City to the park) and to preclude Avalon's use of the road to access its property.

Initial Observations

To begin, there's a startling number of factually incorrect allegations in the Complaint and a notable lack of candor to the Court generally. While the Complaint touches on the fact that the requirement for Pulte to grant the easement is contained in the Development Agreement, there is no acknowledgement that the Villas stands in Pulte's shoes in that regard. There is no real reference to the Development Agreement's terms. There is no confession to the Court—as there should be given the duty of candor—that Pulte on behalf of its future purchaser both agreed to the easements voluntarily and waived all of these arguments at the time it entered into the Development Agreement but that the Villas think those provisions are unenforceable.

From our perspective, there are two fundamental flaws in the posture of the Complaint by its merits. The first is what we've noted since the objections began several months ago: this what Pulte—and by literal extension these residents—agreed to. The unconstitutional takings concept appears to rest on an assertion that the City has acquired some interest in Stonebrook Drive as private property for nothing—without, in constitutional language, "just compensation." Of course, in reality, what these property owners got from the City in this development approval process was the right to build their homes in that development in the first place. That and a brownfield abatement and a number of ordinance deviations as a result of providing the easements.

While the Complaint alleges in a number of places that the City "required" these new conditions, the reality is significantly different. The PSLR is a discretionary approval process and the City can't force conditions on a property developer; the developer is always entitled to simply walk away from a development proposal if the terms and conditions of the development agreement are unacceptable to it. The City didn't "take" the Villas' property (the roadway). It literally authorized the construction of that driveway as part of an overall development with an agreed upon condition that a small portion of that roadway be used for entry to the adjacent park. The driveway itself

wouldn't be there without the Development Agreement and the agreement by Pulte to allow its use.

The other fundamental flaw in the Complaint comes from the other thread that runs through it: that somehow the City has taken the sleepy, undeveloped, passive Wildlife Woods Park and turned it into a recreation area that serves all of Metro Detroit. The truth (as Council knows) is substantially different than that. At the time the development was proposed (back in 2017/2018), Wildlife Woods Park in fact had baseball diamonds, tennis courts, soccer fields, and a fall football/spring lacrosse field on it, as well as a pavilion. During the entire time that Stonebrook was being proposed for development and then being developed, the City was updating its Recreation Master Plan. In fact, the same year that the Stonebrook development began being built—2019—the City adopted a revised Recreation Master Plan (likely before any units were sold or occupied) that discussed significant improvements to Wildlife Woods Park (including pickleball courts).

Under Michigan easement law, there is a concept that once an easement is granted, the burden on the party granting the easement cannot be unduly increased. However, our position is that that concept isn't applicable to this situation. The easement at issue was, in 2019, for ingress and egress to the park and is still in 2020 just for ingress and egress. The people who were allowed to use the easement in 2019—basically everyone in the City—are still the very same people. The City hasn't changed the nature of the use served by the easement—it was a park in 2019 and it is still a park in 2026. And, maybe most importantly, the City never made any sort of promise or representation that the park would not change, or that the recreational uses available would not expand or increase—again, the City was already openly talking about that happening in 2019. Had Pulte wanted to limit what could happen in the park after 2019 they could have proposed that; they did not.

Next Steps

It would be an understatement to say that we think this Complaint against the City has no legal merit. While there are certainly “legal” defenses to the claims being made here, there are also both factual and equitable defenses. The residents want out of the only significant obligations that their developer agreed to in order to get the development approved. That said, as we've discussed many times, you can't make predictions anymore about what a court is going to do; the City needs to treat this as a serious and real threat to not just its ability to continue to access Wildlife Wood Park as it has, but to literally its entire development approval process.

As we indicated during the review process when Stonebrook was making similar arguments about fairness, ultimately this is an attack on the very concept of what City Council and the Planning Commission do when they review discretionary land use developments like this one—RUDs, PROs, PSLRs, SDOs, PD Options, etc. This lawsuit is an attack on the continuing viability of every development agreement the City has evented into, and every promise every developer has made to the City. The idea that a developer or a successor-in-interest homeowner can simply ask a court to let them out of an obligation after the initial developer has taken advantage of an approval and built the development is more than just problematic.

Our recommendation is that the City undertake every effort it can to defend this lawsuit. The issues are bigger than just this property.

This Complaint was just filed, but at first blush it seems likely that among the City's defenses in this case will be:

- Questioning whether the Villas Condominium Association even has standing to bring this Complaint. While it says it is the "owner" of the Stonebrook Drive, that's not technically true. Each of the owners of the 86 individual units is a co-owner of the road. Very arguably, the owners themselves would have to all be named as Plaintiffs for this Complaint to be proper. That's particularly true to the extent the Complaint asks for money damages for harm to "condo units." The Association obviously can't allege those damages, only unit owners could.
- The City's primary defense of course will be the Development Agreement, which we will allege is valid and enforceable. One argument will be that challenges to particular provisions of it are too late—the City has performed all of its obligations under the Agreement, so equitable doctrine such as laches and estoppel should apply to prevent a challenge to the provisions being challenged some eight years after the Agreement was signed. There are also very likely statute of limitation defenses, but in particular the Development Agreement itself acknowledges the propriety of the two things that are currently being challenged by Plaintiffs (i.e., the easements).

In addition to *defending* the challenges, however, we think the City should seriously consider a substantial *counterclaim* against the Association and potentially the 86 individual unit owners. The claims would likely include breach of contract, violation of the Zoning Ordinance, violation of the Michigan Zoning Enabling Act, violation of the applicable site plan, and interference with easement rights. As we said during conversations when the Avalon project was proceeding through the approval process, if this kind of provision can be successfully challenged by residents years after a development is done, the City would have to question whether *any* of the conditions in its development agreements are enforceable, and whether it can have *any* conditions in development agreements if they are subject to challenge years down the road—and if, indeed, you should have discretionary developments at all.

Finally, the City will have to consider whether to join all of the unit owners in the litigation. One of the things that a counterclaim would likely seek is to confirm as against all of the co-owners that the City has a valid easement over the Stonebrook Drive property to its park (and that the easement to the Avalon/Camelot parcel is valid as well), and it is unclear whether it is sufficient to simply have the Association named as a Counter-Defendant for such purposes.

The City also will want to consider whether to add Pulte to the litigation, since Pulte is the developer who agreed to the easements in the first place, and signed a document that the City relies on for those easements and for the access to the park (and for access to Avalon to avoid the Wixom Road curb cut).

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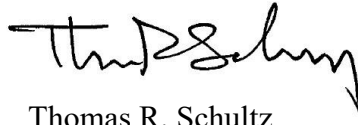
Submission for Insurance Coverage

Our office's involvement with the approval process gives us a unique perspective on this case. But our firm would likely not be the firm chosen by your insurance company (Travelers) to defend this case. Travelers has been assigning the Cummings McClorey firm (CMDA) to defend Novi lawsuits. Our hope would be that we would be allowed to participate extensively in the defense of the case, but we would certainly expect to be involved in any counterclaim under which the City would be seeking to enforce the Development Agreement. That is not something likely to be covered under the City's insurance coverage, and may not be something that the assigned insurance counsel would be authorized to handle by the insurance company.

Obviously, these are initial thoughts pending the City Council's June 8, 2026, meeting. I assume this will be discussed in closed session at that meeting. If you have any questions in the meantime, please don't hesitate to call.

Very truly yours,

ROSATI SCHULTZ JOPPICH
& AMTSBUECHLER PC

A handwritten signature in black ink, appearing to read "Th R Schultz", written in a cursive style.

Thomas R. Schultz

TRS/jah

cc: Victor Cardenas, City Manager
Cortney Hanson, City Clerk
Charles Boulard, Community Development Director
Elizabeth Saarela, Esq.