Exhibit A

HF MANAGER LLC
200 C St. SE, Washington, DC 20003

August 10, 2026

D.C. Board of Zoning Adjustment
Michelle Pourciau, Chair
441 4th Street, NW, Suite 200S
Washington, D.C. 20010

Re: Capitol Hill Hotel – 200-220 C Street SE

Dear Chair Pourciau:

Our company, HHM Hotels, manages the Capitol Hill Hotel located at 200-220 C Street SE. I understand that the owner of the hotel has filed an application to allow the Capitol Hill Hotel to formally convert to a lodging use for zoning purposes. This letter is intended to elaborate on some of the challenges we face in managing and operating the hotel under its current zoning use of apartment building.

As background on HHM Hotels, we are a leading hotel management and investment firm that manages more than 200 hotels across the United States and Canada. The company's portfolio includes luxury and lifestyle hotels, resorts, premium branded properties, and select-service hotels. Through its operating platforms and affiliated brands, HHM Hotels provides comprehensive management, revenue optimization, and asset management services for hotel owners and institutional investors throughout North America.

From a legal compliance perspective, the apartment classification creates uncertainty and confusion in determining employment and operational laws that are applicable to the Capitol Hill Hotel. For example, in Washington, DC, there are employment laws that apply to hotel employees but not apartment employees, so a classification that labels an operating hotel as an apartment building creates confusion on which of those requirements govern the property and complicate good-faith efforts to identify and satisfy them.

There are also laws that impact hotel operations that would not otherwise apply to apartment buildings. Additionally, while data privacy laws generally apply to any business operation, a hotel faces different scrutiny than an apartment due to the higher volume and variety of daily guest data being collected. Due to the many laws that treat hotels and apartments differently, the Capitol Hill Hotel's classification as an apartment building creates an on-going gray area and recurring questions about which requirements apply. Aligning the classification with the hotel use would resolve those questions and support clear, consistent compliance.

Unlike an apartment building, a hotel is a labor-intensive operating business that employs a large workforce across housekeeping, food service, laundry, front desk, maintenance, security, and management functions. As a result, certain compliance matters in a hotel extend far beyond basic building maintenance and focuses heavily on employee safety in day-to-day operations. Hotels face risks associated with repetitive-motion injuries from housekeeping staff, slips and falls in kitchens and public areas, burns and cuts in food service operations, laundry equipment accidents, chemical exposure, workplace violence involving guests, and bloodborne pathogen incidents. Because guests turn over daily and services are being delivered around the clock, hotels typically experience a higher frequency of workplace injuries, require more extensive employee training programs, and incur greater workers' compensation and employment-related liability costs.

By comparison, concerns in an apartment building are generally concentrated among a much smaller maintenance and facilities staff. The primary risks involve ladder and roof falls, HVAC and electrical repairs, boiler and mechanical room operations, snow and ice removal, mold remediation, and contractor oversight during capital improvements or tenant renovations. Apartment buildings do not typically operate commercial kitchens, industrial laundry facilities, or large housekeeping departments, eliminating many of the workplace hazards commonly found in hotels. Consequently, apartment owners generally face fewer reportable incidents, lower workers' compensation exposure, and less operational risk associated with employee safety. The point for present purposes is that the two uses are governed by materially different regulatory regimes, and the current classification does not make clear which regime applies to this property.

From a licensing perspective, the hotel is required to operate with a basic business license for a "housing" business, which does not align with the actual lodging use of the hotel. Because a hotel functions as a public accommodation and operating business while an apartment building serves primarily as residential housing, the two uses are subject to different inspection regimes that differ in both scope and frequency. Operating under a housing classification therefore leaves genuine uncertainty about which inspection and oversight requirements apply to the property, even though it functions as a hotel. Aligning the classification and business license with the actual lodging use would resolve that uncertainty.

In summary, as the manager of the Capitol Hill Hotel, the mismatched nature of the business license and Certificate of Occupancy and the hotel use creates substantial confusion to the owner of the property as outlined above regarding which regulatory, operational, and compliance requirements apply to the property. The granting of this relief would resolve all of the ambiguity that impacts management and operation of the hotel on a daily basis. I appreciate your attention to this letter.

Sincerely,

Barry D. Allen, II

Barry Allen – General Manager

Exhibit B

News

National Hotel

Unusual Hotel Dynamics Create 'Attractive Investment Window' Despite Lackluster Performance

March 2, 2026 | 12:27 pm ET

Maddy McCarty, Houston

The investment thesis for U.S. hotels has shifted — and not because operational fundamentals are improving.

Hotel revenue growth is stagnant or declining amid disappointing international travel numbers and increasing expenses. Hotel owners are also facing a wave of maturing debt and brands that require upgrades to keep their flag, pushing many to sell at prices lower than they would have considered in recent years.

Photo credit: Unsplash/Ph B

Forced or pressured sales create a compelling relative value for hotel investors interested in value-add opportunities, sending them flocking to the market where the bid-ask spread has narrowed. As debt markets have strengthened and record amounts of capital are available, U.S. hotel trade volume is expected to increase this year, continuing a trend that began in 2025, according to JLL.

Investor interest is high despite uneven performance because the investment thesis has shifted from pure operational momentum to structural value-creation opportunities, said Kevin Davis, Americas CEO for JLL's hotels and hospitality group.

“This unusual market dynamic creates an attractive investment window

U.S. hotel transaction volume increased last year after plunging from $42.6B in 2022 to $23.7B in 2023, then dropping further to $20.4B in 2024, according to JLL.

Transaction volume totaled $24B in 2025, a 17.5% increase from a year earlier.

Liquidity and debt availability helped boost the numbers, with U.S. hotel origination volume reaching $64B in 2025, the highest since 2019. Even more investment activity is expected this year, as $88B in hotel loans are set to mature through 2027.

Lenders are tired of extending and pretending, and brands require upgrades that current owners may not be willing or able to finance.

“The pressure has continued to mount,” said Brian Waldman, chief investment officer for hospitality-focused investment firm Peachtree Group.

“The wave of maturities is coming, but we're really at an inflection point this year where that's going to start to break, and people are going to be forced to do something,” Waldman said.

This has forced sellers to be more realistic about their pricing, helping narrow the bid-ask gap that hindered transactions in recent years.

“In 2024, there wasn't a lack of buyers,” said Skyler Cooper, senior underwriting deals. There just was too big of a gap."

Driftwood Capital, a Florida-based investment firm with $3.5B of hospitality assets under management, is budgeting to acquire four to six hotels this year after making just one annual acquisition in recent years, co-founder Carlos Rodriguez Sr. said.

Driftwood is also raising money for a new debt fund, beefing up its development pipeline and handling numerous new management contracts.

"This is one year where we expect all areas to be busy," Rodriguez said.

He said he can't pinpoint one factor to explain the surge in investment activity, but it is likely a combination of lower interest rates, compressed margins, sellers bringing down their prices, and pressure from lenders and franchisors.


Photo credit: Unsplash/Linus Mimietz

Hotel owners face pressure from maturing debt and brand-required performance improvement plans, or PIPs, HVS Senior Managing Director Eric Guerrero said. Property values are likely lower than when owners took out a five-year loan, so they would have to pay more to refinance and find money to do the items required by a PIP.

The decision to sell may be hard to swallow for owners, who would have to list their properties at a lower price than they would have several years ago. But prices likely bottomed out last year, Guerrero said.

"You're going to see a lot of hotels being sold because of debt and because of PIP, but pricing is still going to be relatively the same as it was last year," he said. "We don't think pricing is going to get any better

"Hotel performance has been down, and they're really tricky animals," he said.

The expected 2025 rebound for hotels never materialized. The year instead brought a 1.2% year-over-year decline in occupancy and a 0.3% decline in revenue per available room. The U.S. was the only major destination with a decline in international travelers last year, coming up 11 million visitors short of expectations.

"International travel has gone down drastically," Rodriguez said. "That's painful, and that has affected everybody."

International travel will be punitive in specific markets, such as some in Florida and California, where Canadian tourism is consequential. The World Cup is expected to bring significant tourism to some U.S. markets, but it is described as a "nice shot in the arm" that won't substantially impact industry performance.

Potential foreign visitors cite immigration enforcement, rigorous border vetting, tariffs and political rhetoric as reasons to forgo trips.

"I hope that the government will see the light and start changing things so that we can improve relations and the image of the United States with international travel," Rodriguez said.

Driftwood's portfolio performance was down 0.5% to 3% last year, depending on the market. It wasn't terrible, but it cut into profits, he

Photo credit: Pexels/Mikhail Nilov

While personal interaction is paramount to the guest experience, labor and payroll are the largest expenses for the hospitality industry, said Channing Henry, managing director of consulting firm PKF Hospitality Group. Union requirements, like breaks that require more staff to be on the clock to handle duties, can exacerbate that.

“We need to get our costs under control, and that means streamlining the service levels and the capacity for employees to deliver service that matches the guest expectations,” Henry said. “That’s tricky.”

Operators are being tech-friendly and finding ways to balance costs while still delivering great experiences, she said.

Waldman said.

“We'll start to clear the system and prime the pump,” he said. “By the back half of this year, I think you're going to see an investment activity tick up.”

A black swan event could always cause investors to lose interest in the hotel market again, Rodriguez said, as capital scares easily and “runs away from things the moment that there's any rumor or any turmoil.”

But Driftwood is optimistic that it will be a good year for hotel investment activity, Rodriguez said.

“I don’t see anything on the horizon that tells me that it will be a worse year than last year,” he said. “If anything, I think there’ll be an improvement.”

Contact Maddy McCarty at maddy.mccarty@bisnow.com

Related Topics: Brian Waldman, Carlos Rodriguez Sr., Channing Henry, Driftwood Capital, Eric Guerrero, Hotel Investment, Hotel investments, Hotels, HVS, International travel, JLL, Kevin Davis, Marcus & Millichap, Peachtree Group, PKF, PKF Hospitality, Skyler Cooper

News

National Hotel

Starwood Grapples With Potential $265M Hotel Portfolio Default

May 7, 2026 | 9:52 am ET

Bianca Barragán, Southern California

A 2018 CMBS loan for a 22-property hotel portfolio was transferred to special servicer K-Star Asset Management in January for “imminent monetary default,” The Real Deal reported.

The portfolio contains 2,943 doors across 12 states and 17 cities. The hotels are largely Marriott, Hilton and IHG-branded locations, concentrated in the Midwest, including three in the Chicago area.

The $265M loan doesn't mature until 2027, and the borrower, a Starwood affiliate, is current through April on interest payments, but default alarm was sounded due to the portfolio's fundamentals, which have weakened considerably compared to the time of underwriting.

Occupancy at the hotels averages around 63%. The portfolio was generating less than 65% of the revenue it needed to cover the cost of the loan's interest as of mid-2025. At the time of origination, it was underwritten as generating more than double the cost to cover loan interest, according to TRD.

Starwood has had issues with other large portfolio loans coming due. Last spring, a $577.3M Starwood CMBS loan secured by 65 hotels across 21 states was transferred to special servicing, also due to cash flow problems.

Starwood found a way forward for that portfolio. It secured a loan

The hotel market is grappling with revenue that's flat or declining as international tourism numbers remain down. Events like the FIFA World Cup, which were anticipated windfalls for hotel owners, have failed to make good on the promise of bringing in waves of bookings.

Nevertheless, with record levels of debt available, there are still lots of investors eager to buy hotels, and transactions are expected to rise this year, *Bisnow* has reported.

Contact Bianca Barragán at bianca.barragan@bisnow.com

Related Topics: Hotel distress, Hotel market, K-Star Asset Management, Starwood Capital Group

RELATED STORIES

Exhibit C

Exhibit D

Form DLI P 60*
(Rev. 9-78)

CERTIFICATE OF OCCUPANCY

No. B127618

Washington, D.C., MAY 10, 82, 19

Permission is hereby granted to Congressional Plaza, Inc./ Gen. Partner Capitol Hill Associates, Ltd.

to use the 1-5 floor(s) of the building located on Lot 005 Square 762

known as premises 200 "C" St. SE for the following

purpose(s) APARTMENT 105 D UNITS

THIS CERTIFICATE SHALL BE POSTED CONSPICUOUSLY ON THE ABOVE PREMISES AT ALL TIMES. IT IS VALID INDEFINITELY unless an expiration date is stated, ONLY for the premises or part thereof and for the purpose(s) indicated above, and IS NOT TRANSFERABLE to another person or premises under ANY conditions. ANY CHANGE in the type of business, ownership of business or part of premises used therefor will render this Certificate VOID and a NEW Certificate must be obtained.

ZONE R-4

FEE $229.35

Chief, Permit Branch

By [signature]
Permit Clerk

DEPARTMENT OF LICENSES, INVESTIGATIONS AND INSPECTIONS GOVT. OF DIST. OF COL.

OFFICE COPY

Form ED-P-601

CERTIFICATE OF OCCUPANCY

No. B 101211

Washington, D.C., May 23, 19 72

Permission is hereby granted to Charles L. Pray & Mary Ann Pray

to use the 1st - 4th floor(s) of the building located on Lot 56 Square 762

known as premises 220 C St SE for the following

purpose(s): Apartment house (48) Units

THIS CERTIFICATE SHALL BE POSTED CONSPICUOUSLY ON THE ABOVE PREMISES AT ALL TIMES. IT IS VALID INDEFINITELY, unless an expiration date is stated, ONLY for the premises, or part thereof, and for the purpose(s), indicated above, and IS NOT TRANSFERABLE to another person or premises under ANY conditions. ANY CHANGE in the type of business, ownership of business, or part of premises used therefor, will render this Certificate VOID and a NEW Certificate must be obtained.

DEP'T. OF ECONOMIC DEVELOPMENT. GOV'T. OF DIST. OF COL.

ZONE R 4

FEE $ 65.00

Chief, Permit Branch

By Gregory W. Scott
Permit Clerk

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