# Private Equity Developer AJ Capital Partners:

## *Five Examples of Contentious Community Relations*

Adventurous Journeys (AJ) Capital Partners is a private equity real estate developer of hotels, rental residential, and mixed-use projects. The firm's largest platform to date is the Graduate by Hilton hotel brand, with 33 locations in university towns in the United States and the UK. Hilton acquired the Graduate brand in 2024, but AJ Capital still owns the real estate and oversight of the management of most of the hotels.

According to AJ Capital, "Each Graduate Hotel is custom designed and programmed to celebrate the distinct history, traditions and charms of the university and the surrounding community."[1] However, in five instances highlighted here, AJ Capital's relationship with the surrounding community in which it has developed projects has been more contentious than celebratory. According to press reports and court records outlined below, the firm has:

- Evicted tenants in some of the most affordable rental housing in Palo Alto to convert their building into a Graduate, and reportedly threatened Palo Alto with litigation when the city said the conversion would violate the zoning ordinance.
- Evicted an immigrant-owned bakery in Miami's Little Haiti neighborhood in hopes of using the space for an event venue, and contested a lawsuit alleging it had weaponized the building inspection process to facilitate the eviction.
- Shut down the Graduate New York with four days' notice right before Thanksgiving after being sued by their lender and reportedly having its ground lease terminated by Cornell University, which has now sued AJ Capital as well.
- Remained in violation of the East Lansing zoning ordinance and certain conditions of its site plan and special use permit approval for the Graduate East Lansing for more than two years after the city notified the firm of the violations.
- Applied for a historic building designation for its Graduate hotel in Bloomington, IN, despite the building being six years old at the time. An AJ Capital Vice President admitted that the historic building designation was at least partially so that the hotel could obtain a liquor license, which was otherwise not allowed due to the hotel's proximity to a church.

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## PALO ALTO: Threatening the City Council with Legal Action and Forcing Residents Out of Some of the City's Most Affordable Rental Housing

AJ Capital Partners bought the historic President Hotel building in Palo Alto in June 2018 and announced plans to turn it into the Graduate Palo Alto. The company's press release promised, "Every (Graduate Hotels) property celebrates and commemorates the optimistic energy of its community, while offering an extended retreat to places that played host to the best days of our lives."[2] What the company did not mention was that it had notified the tenants of the President Building that they would have five months to vacate their apartments to make way for the new hotel. The President Building had long served as some of Palo Alto's most affordable rental housing.

Tenants and community members pushed back, and the City determined that converting the apartments to hotel use would violate Palo Alto's zoning ordinance. But AJ Capital countered reportedly by threatening the city with litigation, and by offering tenants payments contingent upon their agreeing not to oppose the project and upon the city's dropping its zoning opposition. After two years of contentious back-and-forth with city officials and community members, AJ Capital was granted a waiver to convert the property, and the Graduate Palo Alto eventually opened in 2023.

### AJ CAPITAL AND THE GRADUATE PALO ALTO: TIMELINE

- In June 2018, AJ Capital purchased the President Hotel Apartments building with plans to turn it into the Graduate Palo Alto hotel, and sent a letter to over 75 tenants informing them that they had **five months to vacate their apartments**.[3] A local newspaper characterized the President Apartments: "At about $2,000 per month, the building's 70 studio and five one-bedroom apartments are **some of the city's most affordable rental housing** because of their small size, limited parking and barebones amenities."[4]

- In July 2018, Palo Alto Assistant Planning Director Jonathan Lait informed AJ Capital that converting the building into a hotel was "**impermissible based on existing zoning regulations and site characteristics**."[5] AJ Capital reportedly sent another letter to President Apartments tenants saying it disagreed with the city, that the city's review has "absolutely no bearing or impact on your tenancy in the building," and that tenants would still need to vacate the building by the original deadline.[6]

- In November 2018, the Palo Alto Online weekly paper, citing documents obtained via Public Records Act requests, reported that while lobbying for zoning changes that would allow the Graduate Hotel conversion to move forward, "[AJ Capital's] representatives and consultants have sparred with the city over entitlements while **AJ Capital's attorney both threatened the city with litigation and negotiated with tenants with the goal of silencing their opposition**."[7]

    - On September 24, 2018, AJ Capital sent a document to a Councilman outlining a proposal under which, according to Palo Alto Online, "residents would be allowed to stay in their apartments until June 16, 2019, and receive additional relocation **payments if the city effectively stands down and gives AJ Capital what it wants in a timely manner**" (including accepting AJ Capital's interpretation of the zoning code, exempting the property from parking requirements, and expediting a conditional use permit for alcohol sales). The Councilman reported that he rejected these terms.[8]

    - On October 26, 2018, AJ Capital and the tenants reached an agreement "that barred tenants from voicing opposition" and set a December 17, 2018 deadline for gaining city approvals, in exchange for additional financial assistance and an extended deadline to vacate the building.[9]

- The City did not make AJ Capital's requested zoning changes by December 17. On January 4, 2019, Palo Alto Online reported AJ Capital sent tenants another letter stating, "…it appears that **the City will not be taking the measures necessary for you to receive the benefits from us of additional time to reside in the building and additional relocation assistance payments** for which you had negotiated." The letter told residents they would need to vacate by January 31, 2019.[10]

- Palo Alto City Council eventually granted a waiver for AJ Capital to convert the President building into a hotel on June 23, 2020.[11] At the public hearing, Palo Alto's Vice Mayor "commented that **this was not a policy that the Council wanted but the legal risks were too great to impose the Council's preferences**."[12]

- The Graduate Palo Alto opened in January 2023.[13]

## MIAMI: Allegations of "Weaponizing the City's Inspection Process" to evict an immigrant-owned bakery for a music and entertainment venue

On July 25, 2024, the *Miami Herald* reported on a lawsuit against AJ Capital Partners by Grupo Sur, an immigrant-owned bakery in the rapidly gentrifying neighborhood of Little Haiti, Miami. The lawsuit alleged that AJ Capital had conspired with an engineering firm to "weaponize" the city's inspection process to declare the building unsafe so that AJ Capital could replace the bakery with a music and entertainment venue.  AJ Capital denied the allegations and the parties eventually settled in March 2026.

According to *Miami Herald*:[14]

> In emails later made public in a lawsuit, the landlords spoke candidly about their desire to get out of a lease agreement that gave Grupo Sur the option to stay until 2028. **In one email, an AJ Capital executive wrote of the bakery: "Sounded like there might be a strategy to get them out. Anything I can do to help?"**
>
> In another, **a consultant suggested the landlords could "control" an engineering firm to "produce the exact report we need"** for a government-mandated 40-year recertification for the bakery site. AJ Capital hired the consultant's recommended engineering firm, which found safety problems with the building and said it needed to be vacated. Acting on that report, the city of Miami ordered Grupo Sur and its employees to get out in August 2022.

The *Miami Herald* article notes, "Across Miami-Dade County, local governments are allowed to rely on the assessments of third-party inspectors to determine whether buildings are safe," and reports that the property manager said in a deposition that "his team had felt confident that the city would follow Plaza & Associates' recommendations to declare the building unsafe." Grupo Sur reportedly hired a different engineering firm to inspect the building, and that firm disagreed with several conclusions of the Plaza & Associates report.[15]

Additionally, the AJ Capital consultant who recommended Plaza & Associates and who allegedly expressed confidence that the firm's recommendations would be followed is married to an employee of Miami's unsafe structures division, according to the *Herald*.

Grupo Sur and AJ Capital reached a settlement in the lawsuit in March 2026, after three and a half years of court proceedings.[16] AJ Capital continues to develop its Little River mixed use neighborhood.[17]

## AJ CAPITAL AND GRUPO SUR: THE EMAILS

- Scott Ebbott (AJ Capital) to Marc Goldberg (Little River), Harrison Bernstein (AJ Capital Partners), and Mattew Vander Werff (MVW Partners), 10/7/2021



Message

| | |
|---|---|
| **Sent:** | 10/7/2021 1:39:55 PM |
| **To:** | Marc Goldberg [mgoldberg@littleriver.miami]; Harrison Bernstein [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=1c6ba4aed51e49088bdde5c7c84a92a1-Harrison Be]; Matthew Vander Werff [mvw@mvw.partners] |
| **CC:** | Michael Roman [mer@mvw.partners]; Eliot Silverman [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e70e25bef94c4bb9860fc2c453d609d6-es] |
| **Subject:** | RE: Grupo Sur - Estoppel |

Ok great, looping in Matthew too since I think this may need to be a full team focus over the next few weeks. Because City National has dug in that we need some form of additional paperwork from them in order to close.

The other piece of this is that, as I've thought about it, I've become increasingly convinced that getting Grupo out of the space as soon as possible is in our interest. They are paying so little that I'm worried they'll never have any reason to leave on their own, and if we do nothing, they have a lot of term with extension options. As we think about debt yield tests coming up in the next ~2 years, it would be nice to have that space renovated and released to help our NOI... and it would be great for the neighborhood. And of course if we agreed on a lease termination with Grupo, then CNB would no longer need any other paperwork.

Now maybe getting a lease termination done prior to closing in a few weeks isn't realistic, so focus should probably still just be on getting them to sign the updated estoppel. But wanted to put it out there in case there's an argument for maybe using this moment to present them some form of buyout offer to just leave the space entirely.

—
Scott Ebbott
AJCP
781.492.1367
www.ajcpt.com

- Ricardo Hernandez (Consultant) to Scott Ebbott (AJ Capital), April 12, 2022[18]:

Message

| | |
|---|---|
| **From**: | Ricardo Hernandez [Rick@progov.net] |
| **Sent**: | 4/12/2022 3:17:04 PM |
| **To**: | Scott Ebbott [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7085d6567b274c0a949f5b48057af794-se]; Marc Goldberg [marcgoldberg.pa@gmail.com]; Ryan Meredith [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d4e5c3b8da3b4ec39033ab73977c1e8d-Ryan Meredi] |
| **CC**: | Andrew Frey [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=0f5f029a35444590a3f8e1c2e850df0f-Andrew Frey]; Jen Perez [Jen@progov.net]; Paris Coleman [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=f2c0aaae8a5043ebac2166091fb5b53d-Paris Colem] |
| **Subject**: | RE: New 40 Year Recerts: |

Hi Scott:

I spoke with William from Plaza and gave him the rundown. He will provide a bundled price for all the remining properties on our list.

At first glance, the proposal seems to be shocking BUT the overall market price for these inspection has tripled if not quadrupled. The key is to make sure that the firms providing these services are FULLY up to date on the new procedural guidelines from Miami Dade County. Also I feel confident that we can control William and his team to provide us with the exact report we need for Grupo.

Happy to discuss further… let me know.

Best,
RHE

- Email thread between Kyle Allen (AJ Capital), Scott Ebbott (AJ Capital), Ryan Meredith (AJ Capital), Marc Goldberg (Little River), and Matthew Vander Werff (MVW Partners), between May 31, 2022 and June 1, 2022[19]:



Message

**From:** Kyle Allen [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=F1A7CFFCC8F44B26B6D154519E39AD71-KYLE ALLEN]
**Sent:** 6/1/2022 4:15:20 PM
**To:** Marc Goldberg [mgoldberg@littleriver.miami]; MVW MVW.Partners [mvw@mvw.partners]
**CC:** Ryan Meredith [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d4e5c3b8da3b4ec39033ab73977c1e8d-Ryan Meredi]; Scott Ebbott [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7085d6567b274c0a949f5b48057af794-se]
**Subject:** RE: Grupo Sur - Update

So your saying theres a chance!

Can you snap some interior photos and guestimate the ceiling height when you all are in there please?

Kyle Allen
AJCP
561.236.7247
www.ajcpt.com

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**From:** Marc Goldberg <mgoldberg@littleriver.miami>
**Sent:** Wednesday, June 1, 2022 12:38 PM
**To:** Kyle Allen <kallen@ajcpt.com>; MVW MVW.Partners <mvw@mvw.partners>
**Cc:** Ryan Meredith <rmeredith@ajcpt.com>; Scott Ebbott <se@ajcpt.com>
**Subject:** Re: Grupo Sur - Update

Rick Hernandez and I are meeting with Grupo on Friday to go over the 40/50 Year Recertification Report and inform them that they will not be able to legally operate in the space due to the significant work that needs to be done to bring the property into compliance.

Will update after the meeting.

--
MG
561.445.2271
mgoldberg@littleriver.miami

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**From:** Kyle Allen <kallen@ajcpt.com>
**Sent:** Tuesday, May 31, 2022 10:59:59 AM
**To:** Marc Goldberg <mgoldberg@littleriver.miami>; MVW MVW.Partners <mvw@mvw.partners>
**Cc:** Ryan Meredith <rmeredith@ajcpt.com>; Scott Ebbott <se@ajcpt.com>
**Subject:** Grupo Sur - Update

Hi guys,

Was a little hard for me to hear on the call last week. How are we looking at Grupo Sur? Sounded like there might be a strategy to get them out.

Anything I can do to help?

Kyle

Kyle Allen

## New York City: AJ Capital Abruptly Closes Graduate Hotel Just Before Thanksgiving Amidst Lawsuit from Lender

On November 20, 2025, Cornell Tech, a campus of Cornell University located on Roosevelt Island in New York City, sent its faculty and students a notice that the Graduate by Hilton New York Hotel would cease operations on November 24.[20] The sudden closure occurred less than a week before Cornell's Thanksgiving Break. The Graduate New York was on a long-term ground lease with the University.

The mortgage lender for the hotel filed a lawsuit against the AJ Capital fund that owns it for allegedly defaulting as the loan guarantor.[21] The lawsuit alleges a breach of the loan terms and seeks recovery of the full value of the loan. The AJ Capital fund denies that there was a default, and the case remains in litigation.

The hotel also allegedly failed to make timely utility payments to Cornell University. Cornell terminated the ground lease and filed a lawsuit against the hotel, seeking over $1.4 million in alleged damages because, it contends, the lease required that the hotel operate continuously throughout its term. The hotel responded with a counterclaim against Cornell, seeking a court declaration that the hotel's closure did not trigger a default. The case also remains in litigation.

## East Lansing, MI: Over Two Years of Disregarding Zoning Ordinance and Conditions of Site Plan Approval

On April 4, 2024, the city of East Lansing sent a letter to AJ Capital Partners informing it that the hotel was in violation of conditions of its site plan & special use permit approval dated April 21, 2015, as well as the East Lansing Zoning Ordinance:[v]

- The hotel's practice of parking guest vehicles and having delivery trucks parked on Evergreen and Albert Avenues was obstructing pedestrian and vehicular traffic, in violation of the site plan and special use permit approval. The hotel's valet service also parked vehicles in on-street parking spaces, rather than in spots that the hotel had leased from the city.
- Section 50-38(4)(g) requires screening of rooftop mechanical equipment to reduce noise, vibration, or visual impacts. Rooftop mechanical equipment at The Graduate was not screened, in violation of the ordinance.

Since the April 4, 2024 letter from East Lansing to AJ Capital Partners:

- The Graduate and AJ Capital continued to delay installation of the rooftop screening, missing multiple timelines and deadlines. The Graduate only began work on the screening after the city began enforcement action, fifteen months after the letter to AJ Capital.
- The Graduate has failed to take action to alleviate the traffic obstructions caused by its valet system. The hotel submitted a plan that the Public Works director said "make(s) more of what they currently do legal but does not address the entire challenge." At least twice, City staff sent back applications for being incomplete, and Graduate or AJ Capital officials requested postponing hearings of parking items at least four times.
- The Graduate requested to postpone City Council action on the hotel's plans to expand its rooftop

bar at least five separate times, and was unable to provide a clear occupancy count for those plans despite multiple requests from city staff between June 2025 and June 2026.

At some point between March 30, 2026 and July 21, 2026, the Graduate East Lansing completed its rooftop mechanical screening. The Graduate received City Council approval for its special use permit for the rooftop bar expansion on July 21, 2026. As of July 27, 2026, the parking issue is still pending.

A detailed timeline of AJ Capital's East Lansing violations is available here: https://unitehere.org/wp-content/uploads/From-UNITE-HERE-re-East-Lansing-Graduate-Special-Use-Application.pdf

## Bloomington, IN: Seeking a Historic Building Designation for a Six-Year-Old Hotel in Pursuit of a Liquor License Over Nearby Church's Objection

On July 5, 2024, Indiana Public Media (IPM) reported on AJ Capital's attempts to secure a historic building designation for the Graduate Bloomington hotel. Pablo David, Vice President for Government Affairs and Community Relations for AJ Capital, presented on the request at the Bloomington Historic Preservation Commission's June 2024 meeting. At the time of the request, the Graduate Bloomington was six years old.

According to IPM, David admitted that the request was at least partially motivated by a desire to secure a liquor license for the hotel. Indiana law establishes that no venue within 200 feet of a church can obtain a liquor license, unless the affected churches write to the State Alcoholic Beverage Commission stating that they don't object. In what IPM describes as a "loophole," it's possible to obtain a liquor license through a historic designation, even if the church objects. "Part of that is why we're here, and we don't want to hide that. We want to be honest about that," IPM quoted David as testifying at the hearing.

IPM quoted commission member Reynard Cross saying, "I know you're here for a historic protection so you can get a liquor license. I think the most kind I can be is to describe that as disingenuous. For you to seek to gain the approval of this organization is offensive. Right? Like…insulting."[22]

On August 7, 2025, IPM reported that the Graduate and First United Methodist Church had agreed to a deal allowing the hotel to obtain a liquor license. The article quotes the hotel's General Manager as saying, "Through a series of negotiations and that kind of thing, we were able to kind of make nice, you know, and show our neighborly intent with the church next door. And finally, they were able to sign off and say yes," and added that the church's Pastor said both sides "agreed not to disclose specifics of the partnership."[23]

# Endnotes


1 https://www.ajcpt.com/approach/platforms/graduate-hotels
2 https://www.hotel-online.com/news/aj-capital-partners-acquires-president-hotel-apartments-to-be-converted-to
3 https://unitehere.box.com/s/467izws6oeonsgsf11d7x9rvy3yatmps
4 https://padailypost.com/2018/06/20/hotel-president-tenants-ask-city-for-help/
5 https://padailypost.com/wp-content/uploads/2018/07/Hotel-President-7.17.18.pdf
6 https://unitehere.box.com/s/7hhdwr4bvi2ov4zspoj24nf5if3sh8m0
7 https://unitehere.box.com/s/940xhvg3bpvh3b5ftdjh333ktdgvrdmd
8 https://unitehere.box.com/s/940xhvg3bpvh3b5ftdjh333ktdgvrdmd
9 https://unitehere.box.com/s/940xhvg3bpvh3b5ftdjh333ktdgvrdmd
10 https://unitehere.box.com/s/p8hakbgc2fvdp3o6iqkrgvx7rxoy0nq0
11 https://unitehere.box.com/s/5gsjh0a9ytic13wpqhj78pjcrq8ms5rd, p. 16
12 https://unitehere.box.com/s/5gsjh0a9ytic13wpqhj78pjcrq8ms5rd, p. 17
13 https://www.hotelmanagement.net/openings/graduate-hotels-opens-palo-alto-property
14 https://www.miamiherald.com/news/local/community/miami-dade/article289496500.html
15 https://www.miamiherald.com/news/local/community/miami-dade/article289496500.html
16 https://unitehere.box.com/s/yazw3x1fvah64rhf3ago3fcn0aevj7bt
17 https://www.ajcpt.com/portfolio/platforms/little-river-miami
18 https://unitehere.box.com/s/3crl5e8rf9gq7me41lximy48b4wqwdxr
19 https://unitehere.box.com/s/3crl5e8rf9gq7me41lximy48b4wqwdxr
20 https://rooseveltislander.com/2025/11/20/hilton-branded-aj-capital-owned-graduate-hotel-on-roosevelt-island-cornell-tech-campus-tells-employees-they-are-closing-monday-november-24-week-of-thanksgiving/
21 https://unitehere.box.com/s/tjorxuillri4cm0b3hulnofsd1b0uvei
22 https://www.ipm.org/2024-07-05/graduate-bloomington-requests-historic-protections-despite-being-just-6-years-old
23 https://www.ipm.org/news/2025-08-07/graduate-hotel-gets-alcohol-license