

Private Developer Brings Attainable Housing to Naperville

NEWS PROVIDED BY
MZ Capital Partners →
Jul 16, 2021, 18:55 ET

NORTHBROOK, Ill., July 16, 2021 /PRNewswire/ -- **The Vantage**

Naperville, Illinois is home to a bold new experiment in attainable housing, which provides a model for communities across the United States. The Vantage Apartments, developed by MZ Capital Partners, a Northbrook-based Private Equity Real Estate Investment firm, offers 112 studio and 1-Bedroom convertible units for young professionals and seniors at affordable prices. Located on Ogden Avenue, the Vantage is close to the Metra and the I-88 corridor, allowing residents easy access to the region's economic and cultural opportunities.

"This place is really special and unique," notes Michael H. Zaransky, founder and managing principal of MZ Capital Partners. "It's the first suburban experiment with this type of product." Built on the site of a dilapidated motel, the Vantage is not affordable housing in the traditional sense. "It didn't require going to the city and telling them we want a tax abatement or federal tax credits; we have zero government subsidies or grants,"



The Vantage Naperville

Michael says. Rather, it's what he calls *attainable housing*: "there's no mandated government restriction on the rent; the market is determining the rent here."

As communities around the country wrestle with a lack of affordable housing, the Vantage proves how city governments can work with developers to supply housing to those who need it most. In the words of Steve Chirico, Naperville's Mayor, "This is an investment opportunity that really checks all the boxes of the city's goals: adding affordable housing that's also profitable. It's a win-win for everybody."



The Vantage Naperville

A Gateway Corridor

Ogden Avenue is one of Chicagoland's great arteries. It not only links suburban communities like Hinsdale and Downers Grove to the region, nation, and beyond, but it's also key to Naperville's culture and economy. A 2008 planning document, *The Ogden Avenue Corridor Enhancement Initiative*, describes it as "a gateway corridor into the City of Naperville, and [an] important route to downtown."

But, by the mid-2000s, Ogden Avenue had lost much of its dynamism. City planners worried that "Ogden Avenue [was] virtually indistinguishable to a casual observer as it routes through Naperville, Lisle, [and] Downers Grove..." With its fast-food chains and car dealerships, it lacked a "civic identity or sense of place." Criminals moved in to take advantage of the vacuum. As Mayor Chirico recalls, the Regency Inn Motel at 1350 Ogden Avenue—where the Vantage stands today— was "the most problematic piece of property in the city. It had the highest number of police calls of any building in Naperville."

Under the surface, though, change was brewing. Christine Jeffries, President of Naperville Development Partnership, recalls, "The city has been making infrastructure improvements along the corridor for a number of years. It is not always apparent when electric lines are underground, parkway

trees added, and upgrades to the streetscape along the corridor, but these are silently impactful." Car dealerships started to move out and major realtors, like Costco and H Mart moved in. Chirico describes this as a "halo effect": "When activity starts to happen in an area, it breeds and leads to more activity."

MZ Capital Partners felt something brewing on Ogden Avenue. As Brad Zaransky, Principal of MZ Capital Partners, remembers, "this strip here for whatever reason was left undeveloped for many years. And it was only a matter of time before it blossomed."

Doing Well by Doing Good

In 2019, a broker called Brad with an interesting proposition. Would he be interested in buying a dilapidated motel on Ogden Avenue in Naperville and converting it into apartments? Michael recalls, "They were having trouble selling it as a motel because it was just so bad."

Brad and Michael had worked in Naperville before—they'd owned a 300-unit apartment complex there for nearly a decade. But recent years had taken their business farther afield to places like Texas and Tennessee. As they dug into the detail, Brad and Michael got excited. "We saw the city's plans...to reinvigorate [Ogden Avenue] to attract a lot of business," Michael recalls. "And we figured we needed to be a part of it."

Development comes with risk: there are architectural and engineering fees; zoning lawyers and outside consultants with high hourly rates. "You've got to have some confidence that a deal is going to come to fruition," Michael notes—all the more so when trying something innovative like the Vantage. "What happens a lot of times in suburbia is a subdivision decides they don't want a development to move forward. And they organize with time, money, make noise, come to public hearings...and City Councils listen to them." Naperville is a different kind of suburb. Brad observes, "It's been pro-business and pro-development. They take tons of pride in their parks, their school, their infrastructure, and just want people to live here."

Naperville city planners and politicians don't see a conflict between development and community. Instead, they champion development—recognizing its power to elevate once neglected areas like Ogden Avenue. Likewise, Brad and Michael focused on community as they planned and developed the

Vantage. They started small: spending hours with the owner-operator of the Regency Inn Motel, reassuring him about details of the deal. They rented a conference room in the Naperville Public Library and held an informal session with the neighbors, inviting them to ask questions and voice concerns. "A lot of them came," Michael recalls, "and I think without exception, they left saying, 'wow, this is really nice. This'll be a nice improvement.'"

When the project came up before the Planning Commission, it passed unanimously without significant community opposition. Al Weel, Senior Vice President at Wintrust Bank, who worked with MZ Capital Partners to provide financing for the project, recalls, "You don't see these micro-units in the suburban market. So the fact that they were well received by the municipality gave us a lot of comfort in the finished product."

With the backing of the community, Michael and Brad broke ground on the Vantage. "It just wasn't financially viable to convert the existing structure into studio apartments. We decided let's just replace it with what we know how to do best: just go ground up."

From the start, Michael and Brad wanted to build a welcoming space—a place where, as Michael puts it, "anyone can walk in here and feel comfortable." Designing the Vantage, they pushed their designers to linger over small decisions, like color palettes, that send signals to residents about who's welcome in a community. "Some of the touches that you may see," Michael notes, "are more millennial focused and some more traditional, senior-focused." Al Weel agrees "the amenity spaces are spot on."

The apartments at the Vantage are cozy. Mayor Chirico comments, "I've been through these units. Just because they're smaller, doesn't mean that they don't provide a great lifestyle." Moreover, by building small, MZ Capital Partners was able to thread the needle: providing attainable housing while making a profit. "One of the inhibitors to providing attainable housing," Chirico notes, "is just the cost of land—[unless] you can make the unit smaller and make it more affordable."

When the Vantage opened in early 2021, people poured in. Even Michael and Brad were surprised by how quickly the building filled up. "We have never had a lease-up this quick," Michael says. "Three months, unheard of." The enthusiasm for the Vantage reflects the need for affordable housing in Naperville. As Jeffries notes, "While Naperville offers a lot of housing types in many price ranges, the

housing that meets the price needs of young adults...and our senior population has been in short supply. The Vantage Apartments were designed to meet this need, while providing modern day amenities."

The Vantage reflects Michael and Brad's commitment to the community at every stage of design and development. The people who have made the Vantage their home are diverse in age and outlook—with young professionals living alongside downsizing seniors. "It's really attracted a diverse, wide range of people," Brad notes.

To commemorate the opening of the Vantage, and to reinforce its commitment to the Naperville community, MZ Capital Partners made a donation to the Northern Illinois Food Bank to feed a local family of four for a full year. "We firmly believe in the obligation to give back, support the most vulnerable in our community, and 'do good while doing well,'" write Michael and Brad, outlining their corporate ethos. Brad explains: "In real estate, there's always a way where you could make more money off the consumer. But we want to feel better about it."

The Vantage embodies this ethos. It will provide attainable housing to hundreds of Naperville residents for years to come. On Ogden Avenue at the gateway to Naperville, it provides a new calling card for the city: symbolizing Naperville's commitment to community, to development, and to affordability. More broadly, it represents a bold new model for attainable housing. Instead of relying on government subsidies—and the slow grind of government bureaucracy—the Vantage delivers attainable housing through the market. It does good by doing well.

Community Post-Covid

On a recent afternoon, Brad and Michael strolled through the common areas at the Vantage. More than a year after Illinois first went into lockdown, they found small signs of life returning to normal: for instance, a Scrabble board from the previous evening, with three names on the scoreboard. Michael observes, "Those are three people who didn't know each other before they moved in here, sitting with each other playing Scrabble last night and keeping score. They're probably going back tonight, or tomorrow, or hanging out over the weekend."

As the world slowly returns to normal, the Vantage offers a model for what a community might look like in a post-Covid world. Jeffries argues, "The Vantage Apartments are ahead of the pack by creating an environment that provides for remote working, spacious social interactions, outdoor amenities, and a high-end exercise facility." Privacy will be key to residents of the Vantage—the ability to work remotely as needed. But so will community: residents are eager to meet each other, to collaborate with their coworkers, to meet up with their friends, to see children and grandchildren. "There's no substitute for communal spaces where people can interact," Michael noted. "You could have a co-worker come over and collaborate on a project sitting at this table instead of having to go meet at the office or at Starbucks," he said, rapping the table with his knuckles.

As the community at the Vantage starts to explore their new home, Michael and Brad look to the future. "There's a broader problem nationally," Michael notes, "of providing enough rental housing at an affordable price point...Every caring community that has a planning staff that's thinking strategically about their future wants to solve that problem."

Affordably priced Studio and 1-Bedroom convertible units for young professionals and seniors won't solve America's affordable housing crisis single-handedly, as a recent Op-Ed in *The Daily Herald* cautions. But the editorial board continues, "[M]icro-units could be part of the solution. When it comes to creating more housing for those who need it, any progress is worthwhile—no matter how small."

Brad and Michael aren't thinking small. Because their projects don't depend on government subsidies, they can move quickly to seize opportunity wherever they see it. And they see opportunities in Naperville and across the country to build more attainable housing. Mayor Chirico also sees more developments like the Vantage in Naperville's future—and America's. "I think it will happen organically because there is demand for it. So supply will start to increase."

"We've always looked at trends. We follow demographics," Michael notes, reflecting on the history of MZ Capital Partners. "And this is just the latest pivot...It's certainly going to be a niche that we're going to run with. Because there's a need for it. It's really a testament to our ability to quickly react...and be entrepreneurial."

Related Links

<http://www.mzcapitalpartners.com>

WANT YOUR COMPANY'S NEWS
FEATURED ON PRNEWSWIRE.COM?

GET STARTED

440k+
Newsrooms &
Influencers

9k+
Digital Media
Outlets

270k+
Journalists
Opted In