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GOOD MORNING

By Chris Boyd

Building bridges through Coconut Grove

DEVELOPER Andy Parrish says Coconut Grove's endemic crime nearly drove him out of town. He'd been burgled three times in less than half a year, and not long ago he was ready to pack it in.

But then, Parrish says, it hit him: why not try to change the environment that was driving him bonkers? His decision to stay put led Parrish to form the Wind & Rain development company and build a house in the nearby Black Grove. If all goes as planned, Parrish's house could serve as a demonstration project for the resurrection of declining neighborhoods using private capital.

The three-bedroom, two-bath house on Frow Avenue may not be an architectural marvel, but its \$78,000 price tag with 5 percent mortgage financing should put it within reach of many who now pay high rents to live in substandard dwellings in the area. Parrish hopes to build three more just like it on scattered lots in the neighborhood. He says the house demonstrates what private money can do when a deal is structured right.

"What we're doing here could be replicated over and over again around the county," Parrish says. "If this works the way I think it will, we could easily do 100 times the four we're building now next year."

Parrish, who's doing the

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project as a joint-venture with the non-profit Coconut Grove Local Development Corp., struck deals with two banks — Northern Trust Bank and First Union — to provide first mortgages on the properties he's developing. He's secured a second-mortgage commitment from the city of Miami's Homeowner Loan Program. Together, the mortgages will allow Parrish to sell his homes for more than their appraised value.

"Appraisals are a big problem," Parrish says. "What you have is de facto redlining, because you can't build a house in a poor neighborhood that will appraise out at anywhere near what it cost to build."

The reason for that is simple: appraisals are typically based on comparable, nearby properties. When the only nearby properties are decaying, it's virtually impossible to get an appraisal that will make a deal work.

So Parrish took the highest appraisal he could get for this new home — \$44,000 — and got the banks to commit to making loans on that amount. Then he persuaded the city to secure the balance with a pledge to provide a second mortgage.

"We'll be able to offer this property to a home buyer for around \$550 a month," Parrish says. "It's cheaper than what someone would have to pay in rent, and it will give a person who gets up in the morning and goes to work a ticket into the middle class."

Parrish says that the development of owner-occupied housing in the Black Grove will eventually pay off. The neighborhood's long-time residents will have a chance to remain there in their own houses, rather than see the area eventually change through gentrification. And with each new house that rises, the potential for market-rate appraisals will increase.

"It's all about risk and reward," Parrish said. "We hope that if this proves successful, our risk will go down and our rewards will rise."

Jeff Hepburn, assistant director of Miami's Department of Development

and Housing Conservation, worked with Parrish on the second mortgage program and applauds his effort.

"If we had more people like Andy, government wouldn't have to do nearly as much as it does in the housing area," Hepburn says. "The city has done some redevelopment projects, but we can't do it all ourselves. We appreciate the help."

Parrish is a newcomer to the housing game, but has been involved in commercial real estate sales for nearly 20 years and most recently served as real estate consultant and broker for Miami-Dade Community College. Still, he's sanguine about his prospects for building a business in the declining inner-city.

David J. Alexander, executive director of the Coconut Grove Local Development Corp. and Parrish's partner, shares his enthusiasm.

"Andy is an ambitious player who is willing to tilt at windmills," Alexander says. "He's willing to replace crack houses with family homes, and he may begin to renew the spirit of this place. And he's willing to do it on spec, which no one else has tried."

Parrish says that if governments around the country would sell abandoned or condemned property at a nominal cost to developers using his formula, private money might become a major force in urban redevelopment.

"The city of Miami owns hundreds of lots that it could turn over to builders for say a dollar apiece," Parrish says. "If that happens, things could really begin to happen."