



Photos by AL DIAZ / Herald Staff

A DREAM COME TRUE: Wind & Rain developers dedicated the house they built in Coconut Grove this week. The developers are seeking a buyer for the house. The monthly mortgage payment will be about \$500.

Building a dream in the Grove

Partners believe low-cost houses will be profitable

By **DON FINEFROCK**
Herald Business Writer

Building modest homes for low-income people isn't easy, especially for a developer who expects to turn a profit on the project.

But Anthony Parrish and Brian Arnason, two novice home builders in Coconut Grove, may have found a formula to do just that.

The two entrepreneurs dedicated a three-bedroom house this week on Frow Avenue — the first fruit of their effort to build low-cost housing in a predominantly black neighborhood of Coconut Grove.

The home has yet to find a buyer, but the potential pool is large. That's because the estimated mortgage payment is comparable to what many people pay for rent — about \$500 a month.



THEY HAD A VISION:

From left, Brian Arnason, Al Arnason and Anthony Parrish, of Wind & Rain pose outside the house with David Alexander of Coconut Grove Local Development Corp.

The house is selling for \$77,900 — a price that Parrish said includes a \$6,000 profit for Wind & Rain, the company he formed to undertake the project.

"That's the whole idea," Parrish said. "We wanted to see if we could do this and make a profit."

Wind & Rain has plans to build three more houses in Coconut Grove. Here's how Parrish and his partner

built the first one:

■ **Getting started.** Parrish, a real estate broker and consultant to Miami Dade Community College and Arnason of Arnason Mortgage Co. launched Wind & Rain with a \$25,000 loan from First Union National Bank and personal funds.

The company later borrowed

PLEASE SEE HOUSE, 3C

Low-income Grove house should turn a profit, too

HOUSE, FROM 1C

\$50,000 from Northern Trust Bank to cover the cost of construction.

Land for the house — a 50-by-100 foot lot — was purchased from the U.S. Department of Housing and Urban Development for \$6,800.

HUD had foreclosed on the property. The house that sat on the lot — reputedly a drug house, Parrish said — was condemned by the city and razed.

■ **Designing the house.** Parrish and Arnason hired architect Marilyn Avery of Rock Soup Development to design the house. Avery said the key to keeping the cost down was to create a simple design and stick to it.

"It is really about doing things in the most simple, straightforward way possible. No funny stuff," she said.

The masonry block house includes a large front room, a small kitchen, three bedrooms, two baths, a hip roof clad with shingles and a spacious front porch. The size: 1,560 square feet.

The design was driven by economics as well as social considerations.

Parrish said Wind & Rain could have erected a smaller house for perhaps \$20,000 less but the goal was build a modest home that will help to anchor real estate values in the neighborhood.

"The single-family home, if it's done well, creates wealth," he said. "You do something that is going to create wealth in the community."

■ **Building the house.** Mario Benitez of Devon Construction built the home for \$52,600, including a 10 percent profit, Parrish said. That works out to \$34 a square foot — a competitive price, said builder Carlos Martinez.

Permit fees, architect fees and other soft costs added \$4,700 to Wind & Rain's construction costs, pushing the cost per square foot to about \$37.

Construction costs for Martinez's company, Caribe Homes in South Dade, for a comparable home range from \$31 to \$32 a square foot, he said. Caribe's costs are lower in part because

the company is a volume builder.

Benitez said he was able to save money in one instance by changing the design. The roof overhang was trimmed to 27 inches from 30 inches so that workers could install one instead of two strips of wire lathe.

But Parrish said he had to absorb some unexpected costs as well, such as a \$2,500 fee for water line improvements. Parrish had hoped to sell the house for \$76,200. The extra costs pushed the price to \$77,900, he said.

■ **Financing the house:** Northern Trust agreed to provide a first mortgage at a below-market rate and trim its loan fees under its home buyers program.

But the key to keeping the mortgage payment in the range of \$500 is a second mortgage provided through the city of Miami. That second loan, which is made possible by a HUD program, is available to a low-income buyer at an interest rate of 1 percent or 3 percent, depending on the person's income.

The goal is to achieve a blended rate of about 5 percent and a total mortgage payment of between \$480 and \$530, Arnason said.

"That was the whole goal — to make it affordable," he said. Without the second mortgage, that would be next to impossible, he said.

Wind & Rain worked with city officials and the Coconut Grove Local Development Corp. to put the pieces of the package together.

Parrish said some potential buyers have been scared off by the neighborhood's reputation for drug trafficking, but others are interested and he said he is confident a buyer will be found.

Wind & Rain plans to build three more homes in the neighborhood. One of those homes is being built for a homeowner whose previous home was destroyed by fire. The other two homes are being built on faith.

"This is definitely a model," Parrish said of his first house. "We didn't know if we could get it sold and make money on it."