



PILED HIGH: Anders Erickson, of Boca Raton, looks at bric-a-brac in Habitat for Humanity's Re-Store in Boca Raton. Agency officials said banks are now requiring a larger down payment to buy a \$3.4 million, 30,000-square-foot warehouse in Delray Beach. Staff photo/Carline Jean

Running out of room

Tough housing market endangers plan to move thrift store to Delray.

BY LUIS F. PEREZ
 STAFF WRITER

BOCA RATON • The collapse of the real estate market now haunts a nonprofit famous for building affordable homes.

Habitat for Humanity of South Palm Beach County wants to expand its Re-Store, a "thrift home improvement store" that generates money for construction of low-cost homes. A bigger store would bring in more income that the agency said would be used to put up more homes.

Earlier this year, banking officials told Habitat for Humanity that they could finance up to 90 percent of the loan needed to buy a building. But in the last three weeks, agency officials said they were told they needed to come



WORK GOES ON: Joe Alter, 84, of Delray Beach, heads back to work inside a Habitat home under construction west of Boynton Beach. The nonprofit agency wants to combine its administrative office and the Re-Store at the Delray Beach warehouse. Staff photo/Mark Randall

up with a larger down payment, putting the expansion in jeopardy.

"We can't move or expand because of the constraints put on us

by the downturn in the housing economy," said Michael Campbell, executive director.

For years, exotic loans fueled a red-hot housing market that has

since cooled with home prices dropping and foreclosures increasing. That has lenders tightening standards, making it more difficult to borrow money.

The credit crunch started in the sub-prime market and has since snowballed to other areas, including commercial loans, said Louis Spagnuolo, vice president of mortgage banking at WCS Lending LLC in Boca Raton.

"As a result of the number of bad loans, the banks have tightened their [guidelines]," said Cecilia La Villa-Travieso of Neighborhood Lending Partners of South Florida Inc., a mortgage banking lending consortium.

Habitat wants to buy a vacant 30,000-square-foot warehouse at 2000 Federal Highway in Delray Beach for \$3.4 million to combine its administrative office and the Re-Store. The Boca Raton store, which sells donated home improvement supplies, opened in 2005 and has been a runaway

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succes.
 "We're packed beyond belief," said Hans Riede, store manager. "When you don't have room to safely put [donations], there's stuff you have to turn away."

The 7,000-square-foot store at 272 Dixie Highway sells all kinds of lighting, furniture, bathroom fixtures, old artwork, kitchen appliances and plumbing supplies. One room has hurricane shutters of all sizes stacked from floor to ceiling. There are knickknacks and trinkets filling shelves, old books, VHS tapes, and Roberta Flack's Chapter Two album sits on a stack of vinyl records.

Joe Hook of Boca Raton comes to the store often, looking for bargains, he said. "It's like going on a treasure hunt all the time," Hook said. There's an ever-changing inventory. "I know the money I give here will go back to help others in the future," he said.

In its second year, the store did \$500,000 in sales, Campbell said. After paying expenses, that leaves enough

money to build one and half homes a year in the south Palm Beach County area, he said. Projections show the store can generate enough money to build up to five homes a year if it expands, he said. Habitat homes — usually three bedrooms, two bathrooms with a garage under 1,200 square feet to 1,400 square feet of space — run about \$25,000.

From February to April, Habitat officials had heated discussions about borrowing money with Wachovia, BankUnited and Comerica. Recently, Comerica said Habitat needs to come up with a 20 percent down payment, BankUnited said it needs 15 percent. Habitat is still waiting for a response from Wachovia, Campbell said. Officials at the three banks said that privacy laws prohibit them from talking about a customer.

Campbell said the agency can put up the money, but then it would have to slow current building projects and delay planned homes for up to two years, he said. That's something Habitat doesn't want to do.

"There's a need for afford-

able housing in the south Palm Beach area and we feel that need is greater than relocating the Re-Store at that cost," Campbell said.

Arenette Hickman moved on June 1 into a Habitat home in Delray Beach. The agency gives its new homeowners a \$500 credit at the store. With that money, Hickman said, she bought a fancy front door, bed frames for the children, a crock pot and light switches.

"They have a lot of little things that you need," she said. Hickman said her mother and cousins now shop at the store.

"The bigger the store, the more the value, and the more people they can make happy," Hickman said.

Habitat is trying to come up with an alternative, such as some sort of partnership with the building's owner, a capital campaign or a private gift, Campbell said. But a Sept. 30 deadline looms.

"Time is short," he said.

Luis F. Perez can be reached at lperez@sun-sentinel.com or 561-243-8641.