

# The Portland Daily Sun

## Newly acquired Bayside Village sweetens deals

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New owners of Bayside Village student housing are dangling carrots, everything from a monthly rent of \$399 to a chance to win an iPad, in a push to lure students to the development that last year faced foreclosure.

"Spots are going fast!" the Bayside Village Facebook page stated last Friday. "Don't miss out on this great deal \$399/month. RENEWALS you still get entered to win an ipad if you renew before March 15th!!"

On Wednesday, the page reported, "Only 7 SPOTS LEFT @ \$399/month!!!!!"

The Federated Companies, a real estate investment and development firm based in Boston and Miami, is offering a rent of \$399/month for the first 50 leases signed, according to its Facebook page. Federated Companies Managing Director Dung Lam said in an interview Wednesday that the \$399-per-month rent won't last.

"We've been successful in lowering the price, \$399 for students in the fall. ... That price will increase as things stabilize more at the property," he said.

Rents have exceeded \$500 a month in the complex under its previous owners.

The Bayside Village complex was completed in 2008 but fell into financial hardship. In a lawsuit filed in U.S. District Court last year, KeyBank reported that Bayside Village developers failed to make loan payments.

Federated Companies closed on the acquisition on Dec. 29, 2010 at a cost of approximately \$23,000 per bed, according to a company press release.

"We've been tracking the deal for a few years, the acquisition of the deal started at a much higher price point at which point we decided to bow out," Lam said.

But after tracking the development, Federated Companies came back with an opportunity to pay 30 cents on the dollar on the value of the housing complex, he said. For \$9.2 million, Federated Companies acquired the mortgage; the total project cost was around \$27 million, Lam estimated.

"We presented our case and we were selected among a few buyers, we went ahead and put the deposit down," he said.

"We bought the mortgage" and "negotiated the current borrower out," Lam said. Federated Companies avoided court proceedings through a negotiated settlement, he said.

The five-story building is located at 132 Marginal Way on a 1.33-acre site and includes 100 apartment units that each contain four bedrooms and two bathrooms, the Federated Companies press release states. The building's ground floor is used for covered parking and contains two commercial spaces. "The Federated Companies plans

to stabilize the asset by establishing a partnership with the local universities and community," the press release states. "In addition, the company has plans to enhance the product offering by adding one- and two-bedroom apartments."

"The plan is to keep it as student housing," Lam said.

In January, the Portland City Council authorized assignment of a tax increment financing package, a formula based on the estimate of future value that helped finance the development, to Federated Companies. This "credit enhancement agreement for Bayside Village Student Housing" was transferred on a 9-0 vote of the council, according to council minutes.

Lam said, "That is in place, by buying the property we met with the city of Portland and the City Council of Portland to assign us the TIF. ... As long as the property displays a demonstrable need for the TIF, it remains in place."

The goal now is to "give students a safe, good product, a safe place to live," Lam said.

"We're excited to be in Maine, and we're excited to own the property and there's a good opportunity to make this property a great asset for both the city and the people who live there," he concluded.

For more information, visit <http://baysidevillagemaine.com>.



Bayside Village student housing on Marginal Way is now owned by Federated Companies of Boston and Miami. "The firm