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[Bayside Village sale won't change status](#)

- DENNIS HOEY



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Press Herald file Bayside Village is struggling, according to a lawsuit filed by Key Bank in June. The occupancy rate was 40 percent. A new owner is expected to ask the City Council to continue a tax deal and keep the property as student housing.

Jack Milton

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Staff Writer

PORTLAND - City officials say the sale of Bayside Village to a national real estate investment group means the complex on Marginal Way will remain student housing for the immediate future.

The Federated Cos., under the corporate entity Legacy Park Portland One LLC, bought the property last month from KeyBank, according to the city.

Federated and its financial institution, Androscoggin Savings Bank, are scheduled to ask the City Council tonight to assign the tax increment financing package that helped finance the project to the new ownership group. Tonight's meeting is scheduled for 7 p.m. at City Hall.

Attempts to reach Jonathan Cox, Federated's founder and managing principal, were unsuccessful Tuesday. The Federated Cos. is based in Boston and Miami.

Mayor Nicholas Mavodones Jr. said he doesn't expect any opposition to Federated's proposal, which was approved last week by the council's Community Development Committee.

"It puts housing in Bayside, which helps with the vibrancy of the neighborhood," Mavodones said. "We are happy to have them taking this over."

Mavodones said the company has told city officials that it plans to continue operating the complex as student housing for the time being, though that might change in the future.

He said Bayside Village could eventually be converted into apartment-style housing.

Bayside Village, at 132 Marginal Way, consists of 100 units with 400 beds, in what Mavodones described as a quad-style arrangement.

When it was being built in 2007, Joseph Cloutier, the lead developer, billed the project as an innovative option for college students in Greater Portland. The idea was to provide an upgrade from dormitories but retain the college feel with features such as Wi-Fi Internet access and resident advisers.

The building, with its multicolored facade and prominent location off Interstate 295, was seen as an important element in the transition of Bayside from an industrial area to a mix of residential and commercial properties.

KeyBank began foreclosure proceedings against Bayside Village last year. In a lawsuit filed in June, KeyBank said Bayside Village was 60 percent vacant and the developers had failed to make loan payments.

Bayside Village owed the bank \$20.82 million that it borrowed in July 2007, plus more than \$30,000 in interest, according to the lawsuit. Laura Mimura, spokeswoman for KeyBank in Cleveland, could not be reached for comment Tuesday.

A woman who answered the phone at Bayside Village on Tuesday said Cloutier is no longer affiliated with the project.

Kevin Donoghue, the city councilor who represents the Bayside neighborhood, said, "Bayside (Village) needs to be owned by someone who can afford to own it."

He said the units have been overpriced, which caused a high vacancy rate. "Students can find a more affordable rent on the general market," he said.

Donoghue said that assigning the TIF to the new owners seems reasonable, but if those owners were to change the operation significantly he would have reservations.

The City Council agenda for tonight says KeyBank sold the property to Federated Cos. in December. If the city assigns the TIF to Federated, it will give the new owners as much as \$120,000 a year as long as the property is assessed for taxes at \$18 million.

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