

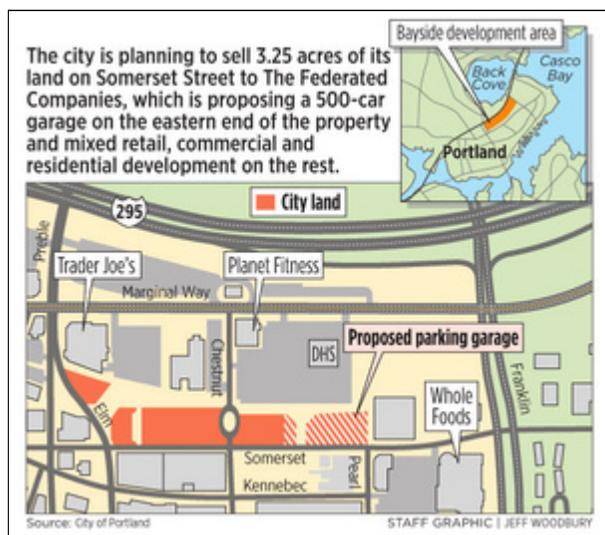
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[City sees sale of land as progress for Bayside](#)

A deal in the works with Federated Companies for a 3.25-acre parcel is part of Portland's 'vision' for the area.

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PORTLAND — The city plans to sell 3.25 acres that it owns on Somerset and Elm streets, opening the property to development of stores, offices and housing and furthering the transformation of the Bayside neighborhood.



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The Federated Companies, which earlier this year bought a student housing complex on Marginal Way, is proposing to buy the nearby city land, divided into seven lots, for \$2.3 million.

The deal has been in the works for months and will be taken up by the City Council's Community Development Committee at 5 p.m. today. If the committee approves the sale, as expected, it will go to the council for final approval next month.

One parcel of the land fronts Elm Street. The rest are on Somerset Street, which runs parallel to Marginal Way from Franklin Street to Elm.

Marginal Way has attracted medical and other offices, a Trader Joe's store, a bank branch and additional development -- nearly \$100 million worth of investment since 2007, according

to Greg Mitchell, the city's economic development director. But Somerset Street has largely been ignored, except for a Whole Foods store that anchors the Franklin Street end.

The purchase-and-sale agreement includes penalties if Federated fails to get moving on the development quickly, Mitchell said.

For instance, after a 60-day "inspection period" that starts with the signing of the agreement, Federated would have six months to get permits and approvals for its development plans or pay \$3,000 each for up to three 30-day extensions.

While that's a minor amount in a multimillion-dollar project, the deal also contains a provision giving Portland the right to buy back the property at the same price if construction doesn't start within two years of site plan approval.

Councilor Cheryl Leeman, chair of the Community Development Committee, said the provisions reflect the city's insistence that Federated develop the property, rather than buy it as an investment to resell in a few years.

"We don't want them to just land-bank it," she said. "A development like this will clearly start the transformation (of Bayside) that we're looking for."

She noted that the deal calls for a 500-car garage on the east end of the property as the first part of the project, because further development would be expected to create the need for more parking.

The city has a \$9 million loan from the federal Department of Housing and Urban Development that it can re-lend to The Federated Companies to help finance the parking garage, Mitchell said.

Mitchell said the developer will propose mixed uses for the rest of the property. The current concept calls for first-floor retail space, parking above that, then offices or apartments above that. Mitchell said the developer wouldn't have to develop the property exactly that way, and plans could be changed as the project goes through the city's approval process.

Jonathan Cox, founder of The Federated Companies, said the company grew interested in Portland through its purchase of the student housing complex.

"After getting in and understanding the market ... we view the area as an excellent opportunity for us to come in and build a project consistent with what is typical for us and greatly enhance the community," he said.

Cox said the time line envisioned by the city matches the company's plans.

Federated, founded in 1999, has offices in Boston and Miami. It has developed retail projects and has built and managed more than 7,500 housing units with an aggregate value that the company pegs at \$1.5 billion.

Mitchell said city officials have always seen the property as a potentially important part of Bayside's redevelopment. It acquired some of the land from the state years ago, after a railroad abandoned the yard it had there. The rest was purchased from scrap yards.

The city bought the properties and arranged for the scrap yards to move to an industrial stretch of Riverside Street. Most recently, the land has been used as a dumping ground for the snow that the city carts out of the downtown after storms.

Now, Mitchell said, it represents "another huge step forward toward the Bayside vision and goals."