

MFTE and HOMA Analysis

Stakeholders have voiced varying perspectives regarding the expansion of the Wilburton Supercharger beyond Wilburton. While some support a Supercharger program wherever mandatory affordability is adopted, others would like the Supercharger to be limited to Wilburton. In response to these comments, staff assessed the importance of the Wilburton Supercharger beyond Wilburton – including as part of the proposed Housing Opportunities in Mixed-Use Areas (HOMA) land use code amendment. Specifically, staff assessed whether the Wilburton Supercharger is needed to offset the cost of mandatory requirements in HOMA, and whether any other conditions in HOMA warrant an expanded Supercharger scope. Staff ultimately concludes that the Supercharger is not needed as an incentive to directly subsidize mandatory affordability requirements in HOMA.

Does the value of the upzoning through HOMA offset the cost of mandatory housing requirements, or is MFTE needed as an additional subsidy?

Under current market conditions, staff finds that the upzoning provided by HOMA does offset the cost of the proposed mandatory affordability requirement. In 2024, the City commissioned Community Attributes Inc. to develop a pro forma model for the express purpose of evaluating the effect of various development incentives and mandatory housing requirements on development feasibility. This model informed the mandatory affordable housing approach in the draft HOMA code (see analysis in the 10.8.25 Planning Commission [agenda memo](#)). Staff updated this model with the same inputs used in BERK's 2025 MFTE pro forma analysis in order to more accurately reflect market conditions.

With the updated inputs, the model continues to indicate that the value of development incentives more than offsets the cost of new mandatory requirements. This is seen in both higher residual land value (RLV) and yield on cost (YOC), two common measures of development feasibility.

Under the baseline, current market conditions, the RLV is \$83/sq. ft. Under the mandatory + upzone scenario, this increases to \$85/sq. ft. Notably, the baseline assumes a required parking ratio of 1.0 per unit. This will decrease to 0.5 once the City adopts the provisions of Engrossed Substitute Senate Bill 5184 (ESSB 5184) by January 2027. As structured parking contributes significantly to midrise and high-rise residential development costs, this bill is expected to increase development feasibility in TOD areas. Once these lower parking requirements take effect, the model indicates that there will be an even greater benefit under the mandatory + upzone scenario compared to the baseline.

	Residual Land Value		Yield on Cost	
	Baseline	Mandatory	Baseline	Mandatory
Base Case	\$82	\$85	4.46%	4.54%
0.75 Parking Ratio	\$137	\$161	4.61%	4.70%
0.5 Parking Ratio	\$192	\$238	4.77%	4.87%

As development feasibility increases generally, either through higher rents or lower development costs, the model indicates that the LUCA is effectively designed to not only offset the cost of its mandatory affordable housing requirements, but to improve project returns. The MFTE Supercharger is therefore not needed as a subsidy towards the cost of mandatory affordability – the LUCA provides sufficient offsetting value. However, projects can still elect to use the current 12-year MFTE incentive, which continues to be a strong incentive under the existing stacking rules and would further improve returns.

Another indication of the value of recent upzoning initiatives can be seen in land prices. In Wilburton, land prices have increased significantly as a result of the recent Wilburton LUCA. For example, the City-owned parcel at the intersection of 120th Ave NE and Bel-Red Rd was formally appraised at \$200 per square foot in September 2024, under the previous zoning. Market transactions following the LUCA indicate land values closer to \$300 per square foot, implying that even with the new mandatory requirement, land has become more valuable following the LUCA.

Should HOMA areas receive similar or more favorable MFTE incentives than Wilburton due to the differing extent of the upzone?

While certain mixed-use areas are not slated to undergo the level of height and FAR increases as adopted in Wilburton, the value of the upzone remains sufficient to cover the additional cost of mandatory affordable housing – as detailed in the above analysis. Outside of density increases, however, several elements of HOMA remain more favorable compared to Wilburton. Due to these elements, staff ultimately does not observe a greater need to pair the Wilburton Supercharger with HOMA.

Infrastructure Requirements – The Wilburton LUCA included access and open space requirements that would require developers to incorporate additional elements to their projects, increasing development costs. These infrastructure requirements are not proposed as part of HOMA.

Affordable Housing Bonus – The current HOMA proposal allows every one square foot of affordable housing provided to exempt four square feet of market rate housing from the total site FAR – *including* any onsite mandatory affordable housing. In Wilburton, only affordable housing produced in excess of the mandatory requirement can be used towards this exemption.

Significant Upzoning in Certain Areas – The upzoning associated with HOMA is not intended to mirror the Wilburton LUCA. However, there are some areas that are expected to undergo an upzoning on par with the mid-rise designations in Wilburton. Certain areas in Crossroads and Factoria, for example, will experience an increase of max building height from 45' to between 110'-160'. Neighborhood Business districts will see an increase from 20' up to 60'. These “smaller” upzones may ultimately be just as valuable as they unlock midrise residential development entirely rather than just increasing residential density.

Appendix. HOMA Pro Forma Exhibits

Pro Forma Inputs

Baseline Development Inputs	
Inputs	Prototype 2
	Mixed Use Midrise
Building Type	
Building Footprint	38,071
Total Site Coverage (podium)	42%
Site Size	90,000
Built Square Feet (excl parking)	266,500
Residential	255,024
Commercial	11,476
Office	0
Retail	11,476
Built Square Feet (w/ structured parking)	347,750
Building Efficiency	78%
Net Floor Area	209,000
Residential	200,000
Commercial	9,000
Office	0
Retail	9,000
Floor Area Ratio (FAR)	2.96
Maximum FAR	4.00
Above Grade Floor Count	7
Residential	6
Commercial	1
Office	0
Retail	1
Unit Configuration	
Total Units	250
Studio	15%
1-Bedroom	50%
2-Bedroom	30%
3-Bedroom	5%
Unit Mix	
Studio	37
1-Bedroom	125
2-Bedroom	75
3-Bedroom	13
Average Unit Size (gross)	
Studio	1,014
1-Bedroom	701
2-Bedroom	893
3-Bedroom	1,275
Average Unit Size (net)	
Studio	550
1-Bedroom	700
2-Bedroom	1,000
3-Bedroom	1,250
Parking	
Parking Type	Structured
Parking Stalls	250
Residential	232
Office	n/a
Retail	18
Parking Stalls	250
Surface	0
Structured	250
Parking Stall Size (gross)	300
Surface	325
Structured	325
Structured Parking Square Feet (Gross)	81,250

Mandatory + Upzone	
Inputs	Prototype 2
	Mixed Use Midrise
Building Type	
Building Footprint	52,644
Total Site Coverage	58%
Site Size	90,000
Built Square Feet (excl parking)	368,510
Residential	357,033
Commercial	11,476
Office	0
Retail	11,476
Built Square Feet (w/ structured parking)	473,510
Building Efficiency	78%
Net Floor Area	289,000
Residential	280,000
Commercial	9,000
Office	0
Retail	9,000
Floor Area Ratio (FAR)	4.09
Maximum FAR	4.00
Above Grade Floor Count	7
Residential	6
Commercial	1
Office	0
Retail	1
Unit Configuration	
Total Units	350
Studio	15.0%
1-Bedroom	50.0%
2-Bedroom	30.0%
3-Bedroom	5.0%
Average Unit Size (gross)	
Studio	1,014
1-Bedroom	701
2-Bedroom	893
3-Bedroom	1,275
Average Unit Size (net)	
Studio	550
1-Bedroom	700
2-Bedroom	1,000
3-Bedroom	1,250
Parking	
Parking Type	Structured
Parking Stalls	350
Residential	332
Office	18
Retail	18
Parking Stalls	350
Structured	350
Surface	0
Parking Stall Size	300
Surface	325
Structured	325
Parking Square Feet (Gross)	105,000

Inputs	
Market Rate Rents	
Studio	\$4.65
1-Bedroom	\$4.00
2-Bedroom	\$3.80
3-Bedroom	\$3.60
Affordable Rents - Baseline	
Studio	n/a
1-Bedroom	n/a
2-Bedroom	n/a
3-Bedroom	n/a
Affordable Rents - Scenario	
Studio	\$1,931
1-Bedroom	\$2,057
2-Bedroom	\$2,482
3-Bedroom	\$2,866
Commercial Rents (Market)	
Office	n/a
Retail	\$50.00
Parking Rents	
Residential	
Surface	\$50
Structured	\$200
Commercial	
Office	
Surface	\$50
Structured	n/a
Retail	
Surface	\$0
Structured	\$0
Other	
Credit and Vacancy Loss	
Residential	7%
Office	n/a
Retail	20%
Operating Expenses	30%
Financing	
Construction Timeline	30
Interest Rate	7.50%
Loan-to-Cost	55%
Construction Costs	
Hard Costs	\$300
Parking Costs	
Surface	\$5,000
Structured	\$85,000
Soft Costs	20%
Contingency	5%
Tenant Improvements	
Office	n/a
Retail	\$100
Site Improvement Site Coverage	100%
Site Improvement/Development	\$10
Impact Fees	\$3,099
Property Tax Rate	0.733%
Annual Property Tax Rate Increase	1.000%
Capitalization Rates	
Cap Rate	4.75%
Land Costs	
Land Costs	\$185

Pro Forma Results: Baseline Development Scenario

Baseline Development Scenario							Revenues			
Mixed-Use Midrise							Annual Revenues		Input	Totals
Space Inputs							Market Rate Residential Rental Revenues			\$9,457,530
Site Size	90,000 square feet						Affordable Housing Rental Revenues			n/a
Built Square Feet (excl. parking)	266,500 square feet						Office Revenues			n/a
Units	250						Retail Revenues			\$450,000
Parking Stalls	250						Parking Revenues			\$556,800
Surface	0 stalls						Gross Annual Revenues			\$10,464,330
Structured	250 stalls						Less Vacancy and Credit Loss			
							Residential	7.00%	(\$662,027)	
							Office	n/a	n/a	
							Retail	20.00%	(\$90,000)	
							Parking	7.00%	(\$38,976)	
Residential Space							Effective Gross Income			\$9,673,327
Market Rate Housing							Less Annual Operating Expenses		30.00%	\$2,901,998
							NOI			\$6,771,329
							Development costs			
							Hard Costs	\$300	\$79,950,000	\$319,800
							Parking Costs			
							Surface	\$5,000	\$0	\$0
							Structured	\$85,000	\$21,250,000	\$85,000
							Site Prep	\$10	\$900,000	\$3,600
							Tenant Improvements			
							Office	n/a	n/a	n/a
							Retail	\$100	\$900,000	\$3,600
							Soft Costs	20%	\$20,240,000	\$80,960
							Contingency	5%	\$5,060,000	\$20,240
							Affordable Housing In-lieu Fee			\$0
							Construction Interest			\$6,835,984
							MFTI Exemption			\$0
							Impact Fees Waived			\$0
							Total Development Cost (Excl. Land)			\$135,135,984
							Land	\$185	\$16,650,000	\$66,600
							Total Development Cost			\$151,785,984
							Sensitivity Analysis			
							Cap. Rate	4.50%	4.75%	5.00%
							Cap. Value	\$150,473,974	\$142,554,291	\$135,426,577
							Residual Land Value (RLV)	\$15,337,990	\$7,418,307	\$290,592
							RLV/sf	\$170	\$82	\$3
							Yield on Cost			
							4.46%			

Baseline Development Scenario						
Mixed-Use Midrise						
Space Inputs						
Site Size	90,000 square feet					
Built Square Feet (excl. parking)	266,500 square feet					
Units	250					
Parking Stalls	250					
Surface	0 stalls					
Structured	250 stalls					
Residential Space						
Market Rate Housing						
Studio	37	550	\$4.65	\$2,558	\$94,628	\$1,135,530
1-Bedroom	125	700	\$4.00	\$2,800	\$350,000	\$4,200,000
2-Bedroom	75	1,000	\$3.80	\$3,800	\$285,000	\$3,420,000
3-Bedroom	13	1,250	\$3.60	\$4,500	\$58,500	\$702,000
Total/Average Market Rate	250	796	\$4.02	\$3,153	\$788,128	\$9,457,530
Affordable Housing						
Studio	0	550		n/a	n/a	n/a
1-Bedroom	0	700		n/a	n/a	n/a
2-Bedroom	0	1,000		n/a	n/a	n/a
3-Bedroom	0	1,250		n/a	n/a	n/a
Total/Average Affordable	n/a	796		n/a	n/a	n/a
Total Residential					\$788,128	\$9,457,530
Commercial Space						
Office		0	n/a		n/a	n/a
Retail		9,000	\$50.00	\$37,500	\$37,500	\$450,000
Total		9,000	n/a		\$37,500	\$450,000
Parking						
Residential	Stalls	Square Feet (net)	Rent /sf	Monthly Rent	Total Monthly	Total Annual
Surface	0			\$50	\$0	\$0
Structured	232			\$200	\$46,400	\$556,800
Commercial	18					
Office	n/a					
Surface	0			\$50	\$0	\$0
Structured	0			n/a	n/a	n/a
Retail	18					
Surface	0			\$0	\$0	\$0
Structured	18			\$0	\$0	\$0
Total	250				\$46,400	\$556,800
Gross Annual Revenues						
\$10,464,330						

Pro Forma Results: Mandatory + Upzone Scenario

Mandatory Scenario							Revenues			
Mixed-Use Midrise							Annual Revenues	Input	Totals	
Space Inputs							Market Rate Residential Rental Revenues		\$12,311,520	
Site Size	90,000 square feet						Affordable Housing Rental Revenues		\$677,302	
Built Square Feet (excl. parking)	368,510 square feet						Office Revenues		n/a	
Units	350						Retail Revenues		\$450,000	
Parking Stalls	350						Parking Revenues		\$796,800	
Surface	0 stalls						Gross Annual Revenues		\$14,235,622	
Structured	350 stalls						Less Vacancy and Credit Loss			
Residential Space							Residential	7.00%	(\$909,218)	
Market Rate							Office	n/a	n/a	
Studio	48	550	\$4.65	\$2,558	\$122,760	\$1,473,120	Retail	20.00%	(\$90,000)	
1-Bedroom	162	700	\$4.00	\$2,800	\$453,600	\$5,443,200	Parking	7.00%	(\$55,776)	
2-Bedroom	97	1,000	\$3.80	\$3,800	\$368,600	\$4,423,200	Effective Gross Income		\$13,180,629	
3-Bedroom	18	1,250	\$3.60	\$4,500	\$81,000	\$972,000	Less Annual Operating Expenses	30.00%	\$3,954,189	
Total/Average Market Rate	325	798	\$4.01	\$3,157	\$1,025,960	\$12,311,520	NOI		\$9,226,440	
Affordable							Development costs			
Studio	3	550		\$1,931	\$5,794	\$69,530	Hard Costs	\$300	\$110,552,871	\$315,865
1-Bedroom	12	700		\$2,057	\$24,678	\$296,136	Parking Costs			
2-Bedroom	7	1,000		\$2,482	\$17,373	\$208,471	Surface	\$5,000	\$0	\$0
3-Bedroom	3	1,250		\$2,866	\$8,597	\$103,164	Structured	\$85,000	\$29,750,000	\$85,000
Total/Average Affordable	25	798		\$2,258	\$56,442	\$677,302	Site Prep	\$10	\$900,000	\$2,571
Total Residential					\$1,082,402	\$12,988,822	Tenant Improvements			
Commercial Space							Office	n/a	n/a	n/a
Office		0	n/a		n/a	n/a	Retail	\$100	\$900,000	\$2,571
Retail		9,000	\$50.00		\$37,500	\$450,000	Soft Costs	20%	\$28,060,574	\$80,173
Total		9,000	n/a		\$37,500	\$450,000	Contingency	5%	\$7,015,144	\$20,043
Parking							Affordable Housing In-lieu Fee	n/a	n/a	n/a
Residential	332						Construction Interest		\$9,440,297	\$26,972
Surface	0			\$50	\$0	\$0	MFE Exemption		\$0	\$0
Structured	332			\$200	\$66,400	\$796,800	Impact Fees Waived		\$0	\$0
Commercial	18						Total Development Cost (Excl. Land)		\$186,618,885	\$533,197
Office	18						Land	\$185	\$16,650,000	\$47,571
Surface	0			\$50	\$0	\$0	Total Development Cost		\$203,268,885	\$580,768
Structured	18			n/a	n/a	n/a	Sensitivity Analysis			
Retail	18						Cap. Rate	4.50%	4.75%	5.00%
Surface	0			\$0	\$0	\$0	Cap. Value	\$205,031,999	\$194,240,842	\$184,528,799
Structured	18			\$0	\$0	\$0	Residual Land Value (RLV)	\$18,413,114	\$7,621,956	(\$2,090,086)
Total	350				\$66,400	\$796,800	RLV/sf	\$205	\$85	(\$23)
Gross Annual Revenues							Yield on Cost		4.54%	