Agenda

Process Overview

Existing Conditions

Issues, Goals, and Opportunities
Process Overview
Project Framework

For definitions of key terms, please refer to the provided glossary.
Six working groups will provide input to the Envision Cambridge Advisory Committee for plan development.
Planning Framework

- **Vision**
  - The ideals we stand for

- **Core Values**
  - The ideals we stand for

- **Focus Area Goals**
  - What we want to achieve

- **Indicators**
  - Metrics that determine whether we’re meeting our goals

- **Targets**
  - Our desired level of performance for each indicator

- **Strategies**
  - Programs and policies to reach our targets and achieve our goals

- **Actions**
  - Specific approaches to carrying out our strategies
Spring 2017 Working Group Schedule

Meeting #1 (May)
Discuss existing conditions, issues and opportunities, and draft goals.

Meeting #2 (June)
Discuss current City programs and policies and preliminary strategies to achieve goals.

Meeting #3 (July)
Further refine strategies and begin to identify targets.

Refined goals
Preliminary strategies
Refined strategies and preliminary targets
Vision & Core Values

“Cambridge is a forward-thinking, welcoming, and diverse city. We enjoy a high quality of life and thrive in a sustainable, inclusive, and connected community.”
Existing Conditions

Cambridge as an employment center
Primary Data Sources

**American Community Survey**
*5-Year Estimates (2010-2014)*


**Massachusetts Dept. of Labor**
*Employment and Wage Data (2015)*

Provide employment and wage data overall and by sector, based on reports filed by all employers subject to state and federal unemployment compensation laws.

**CoStar**

Subscription-based real estate data service that provides inventory, delivery, absorption, rent, and vacancy data for commercial real estate markets.
Defining the Knowledge Economy

Factors That Support Knowledge Economy Success

As defined by the UK Economic and Social Research Council, the knowledge economy is an emerging economic system in which “economic success is increasingly based on the effective utilization of intangible assets such as knowledge, skills, and innovative potential as the key resource for competitive advantage.”

The life sciences and high tech industry clusters are key components of the knowledge economy.

In terms of aggregate economic and tax revenue growth, Cambridge has benefitted from its status as a central node of the global knowledge economy.

**Underlying Economic Engines**

- University Anchors, Research Institutions, & Private Firms

**Built Form**

- Attractive Public Realm, Mixed Use Neighborhoods, Transit Connections, & Quality of Life

**Network**

- Formal & Informal Gathering Spaces, Incubator & Coworking Spaces, Business Support, & Workforce Development
In 2015, total Cambridge employment exceeded peak 2001 levels, reflecting recovery from the dot-com bust and the Great Recession on the strength of Cambridge’s knowledge economy.

Source: Massachusetts Executive Office of Labor and Workforce Development
Since 2010, Cambridge has experienced employment growth faster than Massachusetts and the United States, and comparable to the growth of Boston.

Source: Massachusetts Executive Office of Labor and Workforce Development
Demonstrating its status as a major employment hub, Cambridge is the only community among its local peer group where the number of workers exceeds the number of residents.

**Jobs Per Resident, 2014**

Source: Massachusetts Executive Office of Labor and Workforce Development; US Census Bureau
The City exhibits sound fiscal health, reflecting its strong economic performance.

**Low residential tax rate**

In FY2017, Cambridge’s robust commercial tax base enabled it to have one of the lowest residential tax rates in the state, at $6.49 per $1,000 in assessed value.

**High bond rating**

For the last 17 years, Cambridge has a AAA bond rating from all three ratings agencies (Standard & Poor’s, Moody’s, and Fitch Group).
Cambridge consistently has had a lower unemployment rate than Boston, Massachusetts, and the United States.

Unemployment Rate, 2001-2015

Source: Massachusetts Executive Office of Labor and Workforce Development; US Bureau of Labor Statistics
Continued job growth is projected in Cambridge’s knowledge-economy sectors, such as Professional, Scientific, and Technical Services and Educational Services.

Projected Absolute Job Growth 2014-2030, Growth Sectors

- Professional, Scientific, and Technical Services: 4,467 jobs
- Educational Services: 2,637 jobs
- Health Care and Social Assistance: 1,666 jobs
- Accommodation and Food Service: 1,067 jobs
- Retail Trade: 384 jobs
- Information: 169 jobs
- Management: 107 jobs
- Other Services (except Government): 94 jobs
- Construction: 92 jobs
- Real Estate Rental and Leasing: 74 jobs

Source: Jobs projections from the University of Massachusetts Donahue Institute.
Cambridge’s economy is service-focused, with Professional and Technical Services as the largest sector, followed by Educational Services, Health Care, and Accommodation and Food Services.

Employment by Sector, 2015

Many life sciences and high tech jobs fall within Professional & Technical Services.

Source: Massachusetts Executive Office of Labor and Workforce Development
Compared to Massachusetts as a whole, Cambridge’s economy is concentrated in Professional and Technical Services, Educational Services, and Information.

**Employment Share by Sector, 2015**

Source: Massachusetts Executive Office of Labor and Workforce Development
Life sciences, High tech, and Education are industry clusters within Cambridge that represent sources of ongoing competitive advantage for the City.

**Life sciences**

- Includes pharmaceutical and medical device manufacturing, plus research and development.
- Cluster crosses Professional Services and Manufacturing sectors.
- 18x more concentrated in Cambridge than in US

**High tech**

- Includes computer and electronic manufacturing, software publishing, Internet search, data processing, computer systems design, and architectural & engineering services.
- Cluster crosses Professional Services, Information, and Manufacturing sectors.
- 4x more concentrated in Cambridge than in US

**Education**

- Includes elementary and secondary schools, colleges, universities, and professional schools.
- 4x more concentrated in Cambridge than in US
While Life Sciences growth stabilized the city’s economy coming out of the 2001 Recession, High Tech job growth has outpaced Life Sciences since 2010.


Source: Massachusetts Executive Office of Labor and Workforce Development
Cambridge has seven sectors with average annual wages above $90,000, but 19,300 jobs in the City are in sectors where the average wage is below 200% of the federal poverty rate for a family of four.

Average Annual Wage by Sector, 2015

Source: Massachusetts Executive Office of Labor and Workforce Development
Since 2000, wage growth in Cambridge has been concentrated among its highest-wage sectors.

Percentage Change in Average Annual Wage, 2001-2015

Source: Massachusetts Executive Office of Labor and Workforce Development
Cambridge’s average annual wage is higher than that of local peer communities, reflecting strong wage growth over time.

Average Annual Wage Peer Comparison, 2001-2014

Source: Massachusetts Executive Office of Labor and Workforce Development
Existing Conditions

Cambridge as a place for residents
Cambridge residents do not participate equally in the benefits of the knowledge economy.

Approximately 12% of all jobs in Cambridge are held by Cambridge residents.

The Professional and Technical Services sector accounts for:

- 28% of Cambridge workers
- 19% of Cambridge residents

Cambridge has high educational attainment relative to peer communities across the nation, trailing only Palo Alto in the percentage of its population with at least a bachelor’s degree.

Educational Attainment vs. Peer Cities, 2014

Cambridge has high educational attainment relative to peer communities across the nation, trailing only Palo Alto in the percentage of its population with at least a bachelor’s degree.

Source: 2010-2014 American Community Survey, 5-Year Estimates
Incomes for Cambridge residents are unequal across racial and ethnic groups, with Black and Hispanic or Latino households in Cambridge earning much less than White or Asian households.

**Median Household Income By Race and Ethnicity, 2014**

- **$86,872** (White)
- **$34,270** (Black)
- **$73,297** (Asian)
- **$43,239** (Hispanic or Latino)
- **$46,154** (Two or More)

*Overall Median Income In Cambridge $75,909*

Source: 2010-2014 American Community Survey, 5-Year Estimates
In Cambridge, poverty rates vary across race and ethnicity, with roughly 24% of Black families and 25% of Hispanic/Latino families living in poverty, compared to only 5% of non-Latino White families.

**Family Household Poverty Rate by Race/Ethnicity, 2014**

- White, not Hispanic / Latino: 5%
- Black: 24%
- Asian: 13%
- Hispanic / Latino (of any race): 25%
- Two or more races: 21%

Source: 2010-2014 American Community Survey, 5-Year Estimates
Poverty is concentrated among households headed by single females.

Single female-headed households represent 20% of all households in Cambridge, but 57% of all Cambridge households in poverty.

Source: 2010-2014 American Community Survey, 5-Year Estimates
While increased education tends to lead to greater incomes, a substantial gap in this payoff exists between men and women.

Impact of Educational Attainment on Median Income, 2014

Source: 2010-2014 American Community Survey, 5-Year Estimates
Existing Conditions

Cambridge’s commercial real estate market
Rents in Cambridge are cresting, reflecting strong demand for lab and office space from life science and tech tenants that are willing to pay a premium to be in Cambridge.

Source: Costar. “Commercial space” includes traditional office, flex, and lab/R&D space.
Today, the East Cambridge submarket, home to Kendall Square, leads all Cambridge and Boston sub-markets in Class A office asking rents.

Class A Office Rents, Cambridge vs. Boston Sub-Markets

Source: Lincoln Property Company, 2016 Q2
Responding to high demand, developers are producing new commercial space, but absorption of new space is outpacing deliveries. Since 2006, lab has been the majority of commercial space produced.

6.6M, net SF commercial space added 2001-2015

84%, lab share of net commercial inventory increase, 2006-2014*

![Commercial Deliveries and Net Absorption 2001-2015](chart)

Source: Graph uses Costar data, where “commercial space” includes traditional office, flex, and lab/R&D space. 2006-2014 office/lab breakdown uses Jones Lang LaSalle data, sourced from the Cambridge Incentive Nexus Study (Karl F. Seidman Consulting Services, 2015).
Since 2010, private and nonprofit actors have added substantial incubator and co-working space to meet demand from start-ups and small firms for affordable space.

<table>
<thead>
<tr>
<th>East Cambridge</th>
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</thead>
<tbody>
<tr>
<td>Cambridge Coworking Collaborative (C3)</td>
<td>Office space for 300+ co-working members, with shared 3D printer and workbench.</td>
</tr>
<tr>
<td>Cambridge BioLabs</td>
<td>Lab space for early-stage biotech start-ups.</td>
</tr>
<tr>
<td>Charles River Accelerator &amp; Development Lab</td>
<td>Lab space for biotech start-ups that includes animal research facilities.</td>
</tr>
<tr>
<td>Mass Innovation Labs</td>
<td>Lab space for 10+ biotech start-ups.</td>
</tr>
<tr>
<td>Cambridge Medspace</td>
<td>Office space for healthcare start-ups.</td>
</tr>
<tr>
<td>IBM Innovation Center</td>
<td>Office space for technology start-ups.</td>
</tr>
<tr>
<td>NGIN Workplace</td>
<td>Office space targeted to internationally-focused start-ups.</td>
</tr>
<tr>
<td>Cove</td>
<td>Co-working space that offers coffee-shop amenities.</td>
</tr>
<tr>
<td>Plug</td>
<td>First U.S. location of a co-working business that started in Brazil.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mid-Cambridge</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Science Hotel</td>
<td>Lab for biotech start-ups.</td>
</tr>
<tr>
<td>Geek Offices</td>
<td>Office co-working space in Inman Square.</td>
</tr>
<tr>
<td>inTeaHouse</td>
<td>Application-only office space for start-ups sponsored by a network of investors.</td>
</tr>
<tr>
<td>Koa Labs</td>
<td>Office space for 20+ entrepreneurs in Harvard Square.</td>
</tr>
<tr>
<td>Workbar</td>
<td>Office co-working space in Central Square.</td>
</tr>
<tr>
<td>WeWork</td>
<td>550-desks in Central Square by one of the largest national co-working providers.</td>
</tr>
<tr>
<td>Lab Central</td>
<td>Lab space for 25+ start-ups, with funding from MA Life Sciences Ctr.</td>
</tr>
<tr>
<td>Industry Lab</td>
<td>Combination office and maker-space, with a shared machine shop.</td>
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<tr>
<th>West Cambridge</th>
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</thead>
<tbody>
<tr>
<td>Vecna Technologies</td>
<td>Office space in Alewife for robotics start-ups.</td>
</tr>
</tbody>
</table>
Industrial areas in Cambridge have been steadily converted to residential and office/lab uses, and manufacturing jobs have declined faster in Cambridge than in the US as a whole.

Change in Manufacturing jobs, 2001-2015

-35% in Cambridge
-36% in Massachusetts
-25% in United States

Source: Costar; Massachusetts Executive Office of Labor and Workforce Development; US Bureau of Labor Statistics. Manufacturing jobs are defined as those in NAICS sector 31-33.
In recent years, Cambridge has experienced shifts in its retail landscape, reflecting both national and local trends.

**Growth and declines in specific retail types, reflecting changing shopping patterns with the rise of online shopping**

<table>
<thead>
<tr>
<th>Total Establishments, Cambridge</th>
<th>2001</th>
<th>2015</th>
<th>Raw Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sporting Goods, Hobby, Book, Music Stores</td>
<td>72</td>
<td>40</td>
<td>-32</td>
</tr>
<tr>
<td>Clothing &amp; Accessories Stores</td>
<td>103</td>
<td>87</td>
<td>-16</td>
</tr>
<tr>
<td>Electronics &amp; Appliance Stores</td>
<td>34</td>
<td>18</td>
<td>-16</td>
</tr>
<tr>
<td>Motor Vehicle &amp; Parts Dealers</td>
<td>6</td>
<td>3</td>
<td>-3</td>
</tr>
<tr>
<td>General Merchandise Stores</td>
<td>5</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Non-store Retailers</td>
<td>10</td>
<td>17</td>
<td>7</td>
</tr>
<tr>
<td>Food &amp; Beverage Stores</td>
<td>83</td>
<td>91</td>
<td>8</td>
</tr>
<tr>
<td>Food Services and Drinking Places</td>
<td>356</td>
<td>396</td>
<td>40</td>
</tr>
</tbody>
</table>

**Change in Retail jobs, 2001-2015**

-3% in Cambridge
9% in Massachusetts
13% in United States

**Conversion of ground-floor retail to other types of uses that are less active at street level, such as daycares and banks**

From 2001-2015, consumer banks in Cambridge increased by 14%. 

Source: Massachusetts Executive Office of Labor and Workforce Development; US Bureau of Labor Statistics. Retail is defined as retail trade (NAICS 44-45), which comprises establishments engaged in retailing merchandise and rendering services related to the sale of merchandise, and food services and drinking places, which comprise establishments engaged in preparing meals, snacks, and beverages to customer order for immediate on-premises and off-premises consumption (NAICS 772).
Issues, Goals, and Opportunities
Methodology

To help generate a baseline set of issues, draft goals, and opportunities for the working group to discuss, in addition to drawing on the existing conditions analysis, the team synthesized takeaways from community engagement conducted to date.

Listening Phase  
(March-June 2016)  
Mobile engagement station, 1 online and in-person survey, community workshops, & targeted focus groups.  
Community members voiced on opportunities and challenges for Cambridge across multiple topic areas.

Visioning Phase  
(April-July 2016)  
Mobile engagement station, 3 online and in-person surveys, 2 community visioning workshops, & 2 pop-up events.  
Community members voiced their opinion on the core values and vision for Cambridge.
Issues

1. Income Inequality, with Poverty and Unemployment Concentrated Among Specific Populations

2. Uneven Wage Growth Focused Among High-Wage Sectors and Lack of Low Barrier-to-Entry Jobs

3. Intense Competition for Office and Lab Space, Placing Pressure on Smaller Firms, Start-Ups, Nonprofits, and Traditional Businesses That Cannot Afford to Pay High Rents

4. Strong Sectoral Concentration in Life Science and High Tech, Which Leaves Cambridge Vulnerable to Disruptions in These Industries

5. Concerns About Preserving Active Ground Floor Uses
# Draft Goals

<table>
<thead>
<tr>
<th>Base Goal</th>
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<tbody>
<tr>
<td>**Goal 1</td>
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<td>**Goal 2</td>
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<td>**Goal 3</td>
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<tr>
<td>**Goal 4</td>
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<tr>
<td>**Goal 5</td>
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**For Each Goal:**

Does this goal adequately respond to the issues facing Cambridge? How could it be improved or enhanced?

Do you see this as a goal in and of itself or a means to an end in achieving other goals?
## Jointly Revised Draft Goals

<table>
<thead>
<tr>
<th>Base Goal</th>
<th>Revised Goal</th>
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<tbody>
<tr>
<td>**Goal 1</td>
<td>Shared Prosperity:** Provide opportunities for Cambridge residents of all educational backgrounds and skill levels to access jobs that pay a living wage so that they can share in the City’s prosperity.</td>
</tr>
<tr>
<td>**Goal 2</td>
<td>Economic Security:** Provide Cambridge’s most vulnerable residents with the tools and resources they need to achieve economic security and thrive.</td>
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<tr>
<td>**Goal 3</td>
<td>Economic Diversification:** Continue to support Cambridge as a center of the global knowledge economy, while balancing the need for economic diversification.</td>
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<tr>
<td>**Goal 4</td>
<td>Diverse Real Estate Options:** Support a range of diverse real estate options that enable Cambridge to attract and retain businesses of different types, sizes, and growth stages.</td>
</tr>
<tr>
<td>**Goal 5</td>
<td>Thriving Commercial Districts:** Preserve the distinctive identity of Cambridge’s mixed-use districts, while also helping them build or maintain the customer base that they need to succeed.</td>
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Confirming Goal Alignment with Values

<table>
<thead>
<tr>
<th>Core Values</th>
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<tbody>
<tr>
<td>Livability</td>
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<tr>
<td>Diversity and Equity</td>
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<td>Economic Opportunity</td>
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<td>Sustainability &amp; Resilience</td>
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<tr>
<td>Community Health &amp; Wellbeing</td>
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<td>Learning</td>
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<tr>
<th>Goal 1. Shared Prosperity</th>
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<tr>
<td>Goal 2. Economic Security for All Residents</td>
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<tr>
<td>Goal 3. Balanced Diversification</td>
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<tr>
<td>Goal 4. Diverse Commercial Real Estate Landscape</td>
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<tr>
<td>Goal 5. Thriving Commercial Districts</td>
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</table>
Next Steps: Work Session 2 in May

- Review the City’s existing economic development *programs and policies* in light of goals.
- Identify *preliminary strategies* to supplement the City’s existing tools and advance goals.

**Meeting #1 (May)**

Discuss existing conditions, issues and opportunities, and draft goals.

**Refined goals**

**Meeting #2 (June)**

Discuss current City programs and policies and preliminary strategies to achieve goals.

**Preliminary strategies**

**Meeting #3 (July)**

Further refine strategies and begin to identify targets.

**Refined strategies and preliminary targets**