

CITY OF CAMBRIDGE

COMMUNITY DEVELOPMENT DEPARTMENT

Economic Development Policy

Spring 2004





Economic Development Policy

City of Cambridge

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ONE

SECTION ONE *Executive Summary*

The Community Development Department (CDD) is the City's planning department, with responsibility for enhancing the overall living environment and quality of life for Cambridge's diverse population. Responsibilities include economic development, environmental and transportation planning, affordable housing preservation and development, community planning, zoning and urban design. The Economic Development Division (EDD) of the Community Development Department is responsible for a wide range of economic development activities designed to meet the City's need for a diversified and thriving economic base. The Division offers programs aimed at revitalizing commercial districts, supporting entrepreneurship, promoting a dynamic business climate and preserving a strong employment base. EDD offers individual business development assistance as well as numerous programs designed to enhance the vitality of local businesses and to encourage business growth within the City.

Since 1997, when the City's first Economic Development Policy was developed, changes in various business sectors have dramatically influenced the Cambridge economy. In addition, new information from the 2000 Census has provided a more up-to-date picture of the community. These and other factors have prompted a review of existing economic development policies. This review process has also provided an opportunity to look toward the future to position the community to take advantage of new, knowledge-based businesses. Factors such as the increase in housing prices indicate that Cambridge faces many important challenges, which could potentially alter its economy.

In an effort to encourage participation from the community in developing the economic policy, CDD/EDD hosted three public forums in 2003 at which various stakeholders were invited to provide input concerning the direction of current and future economic development programs. Two specialized forums were also held—one specifically for larger businesses, hosted by the Chamber of Commerce, and one for the City's colleges and universities. All participants were asked for input on recent demographic changes, current economic development trends, as well as new initiatives.

The policy initiatives addressed here present opportunities and challenges inherent to the development of a healthy economic environment. Although most initiatives are managed within the Economic Develop-



ment Division, other CDD divisions and City departments participated where appropriate. In the process of exploring the current programs and policies, policy themes and recommendations emerged. They are summarized as follows:

Commercial District Revitalization

The City should continue to support programs designed to assist small retailers such as the Façade and Signage and Lighting Improvement Programs and the Best Retail Practices Program. EDD should survey small and large businesses periodically to keep informed of their needs and, when appropriate, develop new programs to address those needs.

Small Business Development

EDD should continue to support the City's small businesses, especially women and minority-owned businesses, and continue assisting them with marketing, networking, business plan development, loan packaging, and exposure to a broader range of resources.

Real Estate

EDD should maintain current information on available commercial space and make the information available to any small or large businesses looking to move within or to the City.

Marketing Cambridge

Strong partnerships should continue to be nurtured among the City, the Office for Tourism, institutions of higher education, and Cambridge companies to promote the many advantages of Cambridge as a research and development hub, a culturally diverse community, and a good place to do business.

Workforce Development

CDD/EDD should support a broad range of training and economic empowerment programs for Cambridge residents. Collaboration among the City's stakeholders to support science education at the elementary and secondary school levels is essential to preparing Cambridge residents for the jobs of the future.

Business Climate

CDD/EDD should continue to maintain contact with the business community at-large and should continue the process of streamlining the City's permitting and licensing process to facilitate a favorable business environment. Neighborhood input in the City's development process should continue to be encouraged.

This document expands upon these themes, analyzes recent economic trends, and enumerates existing policies and programs that grow from them. The economic development policy also reflects the goals of the City Council and the work plan advanced by the City Manager.

TWO

SECTION

Introduction to Cambridge

The City of Cambridge is located in Middlesex County across the Charles River from the City of Boston. Occupying a land area of 6.26 square miles, the City has a population of 101,355. College students account for approximately 18% of the population.¹ The City is comprised of thirteen neighborhoods: East Cambridge, MIT, Wellington-Harrington, Area 4, Cambridgeport, Mid-Cambridge, Riverside, Agassiz, Area 9, Area 10, North Cambridge, Cambridge Highlands and Strawberry Hill.²

Management Structure

Since 1940, Cambridge has operated under a Council-Manager (Plan E) form of government with nine City Councilors elected every two years. The City Council elects a Mayor and a Vice-Chair from among its members with the Mayor serving as Chairman of the School Committee. The City Manager, appointed by the City Council, is the chief executive and administrative officer and carries out the policies of the City Council. With the assistance of the Deputy City Manager, the City Manager coordinates the functions of 41 municipal departments responsible for the delivery of service to residents and businesses. The Council adopted a fiscal year 2004 budget of \$341 million which began on July 1, 2003.

Age, Income and Employment

According to the 2000 Census, the median age of Cambridge residents was 30.4 years. The largest age group is between the ages of 25 and 34.

Median family income in 2000 was \$59,423, close to the state median of \$61,664. **Table 1** (Appendix A) summarizes the income gains of the Cambridge population over the last decade. Family income describes the earnings of households comprised of related individuals, while household income represents the total income of unrelated household members, such as college students and other non-related individuals sharing living quarters. Per capita income is the total earnings over total population.

Estimated total employment as of year-end 2002 was 105,427.³ As of February 2003, Cambridge's unemployment rate was 3.3%, whereas the State and national rates were 5.7% and 6.4% respectively.⁴



Racial Composition

Cambridge has a highly diverse population, ethnically and racially. In 2000, Asian and black residents each comprised 12% of the population. The white population was 68% of the total. These percentages have changed in the past two decades, with a decline in the white population of 14.2% since 1980, as other groups increased in size (see **Table 2** in the appendix).

Housing

Home to numerous educational institutions, including Harvard University and the Massachusetts Institute of Technology, and a center for biotechnology and other businesses, Cambridge is a densely populated city with more than 5,753 persons per square mile. Unfortunately, these factors have contributed to the high cost of housing in the City. For example, the median cost of a single-family home was \$610,000 in 2002, the median sales price for a two-family home was \$656,000, and the median price of a condominium was \$348,000.⁵ By way of comparison, a four-person household earning 100% of the area median income (\$80,800) can afford to pay approximately \$262,000 for a home, a gap of \$86,000.

Similarly, rents are expensive. The median rent for a two-bedroom apartment was \$1,725. A four-person household earning 100% of the area median income (AMI), paying no more than 30% of their income in rent, could afford approximately \$2,000 per month; however, many households are earning far less than 100% of the median income. A four-person household earning 80% of the AMI (\$62,650) could afford approximately \$1,500 for rent, a gap of \$225. Census data shows Cambridge is primarily a city of renters; homeowners comprise only 32% of the population.

Taxation and Assessed Valuation

The City's total assessed valuation increased 8.3% in Fiscal Year 2004 over FY03, bringing the City's total assessed valuation to almost \$19.2 billion. The FY04 tax rates were \$19.08 per \$1,000 of assessed value for commercial property, and \$7.63 per \$1,000 of assessed value for residential property.⁶ Of the total City levy in FY04, approximately \$209.6 million, nearly two-thirds, came from the business sector.⁷

Education

The City has thirteen elementary schools, one high school divided administratively into five small schools, nine private schools, four parochial schools, and two charter schools. About 2,000 students are enrolled in the City's public high school.

Harvard University and Massachusetts Institution of Technology (MIT) have student populations of 20,791 and 10,097 respectively. The City is also home to Cambridge College and Lesley University with student populations of 2,451 and 3,776 respectively. Approximately one in seven jobs in the City are at these four institutions.⁸

Health and Safety

Cambridge has three hospitals and a full complement of health care facilities in the City and surrounding communities. The Cambridge Health Alliance is a network of hospitals and health care centers that serves the residents of Cambridge, neighboring Somerville and Boston's Metro-North region.

The Fire Department consists of 278 uniformed members and six non-uniformed staff members and has a Class 1 rating by the Insurance Services Office, recognizing the highest level of fire protection. The Police Department has 266 sworn officers and 30 non-sworn staff members who use modern approaches and techniques to decrease crime and improve delivery of services to the community.

Transportation

A wide array of transportation options is available in Cambridge including an expansive subway and local bus system, private shuttles, infrastructure that accommodates pedestrians and bicyclists, and garage parking for those who carpool or drive alone. Walking, biking and taking transit in Cambridge are easy and often good alternatives to driving. Cambridge is a compact city of only 6.2 square miles and most destinations are within a short walk or bike ride. City policies are designed to encourage business owners to provide incentives to their employees and patrons to leave their cars at home whenever possible.

Subway, local bus, and commuter rail service are operated by the Massachusetts Bay Transportation Authority (MBTA). Cambridge is directly served by the subway (known as the “T”), over 30 bus routes, and the Fitchburg commuter rail line (via the Porter Square MBTA station). The subway also connects to Boston’s North and South stations, from which multiple commuter rail lines serve points north, south, and west of the city. In addition, numerous private shuttle services further enhance options for workers and residents to reach destinations in Cambridge from surrounding areas.

Cambridge’s close proximity to Interstates 93, 95, and 90 (the Massachusetts Turnpike) provide auto access to points beyond the City in all directions. The Cambridge exit off I-93 provides access to the north and south, while the Massachusetts Turnpike, which can be entered a short distance across the Charles River at the Allston/Brighton interchange, is the major east/west route connecting Cambridge to the Rt. 128/I-95 and I-495 circumferential highways. Logan International Airport, New England’s largest airport, and Boston Harbor, providing access for passenger ferries, cruise ships, and commercial maritime vessels, are within five miles of Cambridge and can be reached easily by public transportation or car.

Parks and Recreation

Cambridge currently has 75 parks and play areas in its open space system. These parks vary in size from 1/10 acre to over 100 acres and serve a wide range of recreational needs. Approximately 11% (or 458 acres) of the total land area that makes up Cambridge is public open space owned by the City or the Commonwealth of Massachusetts. If surface water is included as open space, i.e., Fresh Pond and Blair Pond, the total open space acreage increases to 618 acres. Of the 458 land acres, approximately 40 % is used for active recreation, while the rest is passive recreational space. The greatest amount of the City’s open space is found in the western neighborhoods, with nearly 85% of the public land in this section of the City comprising three parks: Fresh Pond Reservation, Alewife Reservation, and Danehy Park.

Commercial Districts

The City is composed of six commercial districts: Kendall Square/ East Cambridge, Central Square, Cambridge Street/Inman Square, Harvard Square, Porter Square, and Fresh Pond (See Appendix B) . While each has its own character and appeal, all districts share common desirable elements: convenient shopping with a variety of desired goods and services for neighborhood

residents, students and workers; some one-of-a-kind destinations; small, neighborhood restaurants, cafes, clubs and theaters; and some destination shopping for more expensive goods and services. Cambridge's pattern of development, with several commercial districts rather than a single traditional downtown retail district, presents both benefits and challenges. The older neighborhood commercial districts have physical layouts with typical store floor plates of less than 3,000 square feet, providing a close and friendly atmosphere with many small, neighborhood restaurants and independently owned stores in close proximity to residential neighborhoods. Destination shopping is concentrated in Harvard Square and at the CambridgeSide Galleria Mall in East Cambridge. Many stakeholders regard the presence of some types of national retailers as a challenge to small neighborhood-based shops, and a strong concern exists that a balance be maintained between local and national retailers.

The commercial districts each provide employment in retail establishments, dedicated office buildings and in offices located on upper floors of many of the buildings. In addition, housing is predominant on upper floors of the Cambridge Street commercial district and to some extent in Central Square. Both employees and residents in commercial districts support the retail, restaurant, cultural and entertainment establishments, adding vibrancy to the districts.

¹ 2000 Annual Town Gown Report and the Census 2000's population count.

See the Town Gown reports on our website: <http://www.cambridgema.gov/~CDD/commplan/towngown/index.html>.

² City of Cambridge, Community Development Department, Community Planning Division, Cambridge Neighborhood Information.

³ Massachusetts Department of Employment and Training (MA DET), Estimate.

⁴ Ibid. For more information, check the MA DET Website: <http://www.masstats.detma.org>.

⁵ City of Cambridge, Community Development Department, Housing Division, Housing Affordability Data, Spring 2003.

⁶ City of Cambridge, Annual Budget 2003-2004.

THREE

SECTION THREE *Economic Development Programs and Initiatives*

Commercial activity is not centralized in Cambridge; it takes place within every section of the City. Large firms and neighborhood shopping areas coexist in close proximity to residential districts and local educational institutions. EDD provides economic development programs and initiatives that are compatible with the character of each neighborhood, one-on-one business counseling services, real estate site finder assistance, workforce development assistance, and networking opportunities for small and large businesses. The City is a federally designated entitlement area, thereby annually receiving a direct allocation of Community Development Block Grant (CDBG) funds, a portion of which is used for economic development assistance. EDD has developed several programs supported by CDBG that are targeted to help low-moderate income individuals and small business owners (micro-enterprises) in the City. These programs are identified in the individual descriptions that follow.

Commercial District Development

Cambridge's independent retailers are known for the unique goods and services that they offer. EDD offers a variety of programs and services designed to help independent retailers compete in today's challenging retail marketplace.

A. The Best Retail Practices Program

The Best Retail Practices Program helps retail business owners learn the latest and best techniques to improve their interior store design, merchandising, marketing, and store operations. EDD offers Cambridge retailers and restaurateurs assistance from retail industry experts at workshops and in individual in-store consultations. Topics include window display, store layout, visual merchandising, and customer service. Participants receive written materials and recommendations for improvements to their establishments. These services are free to eligible Cambridge businesses.

The Best Retail Practices Program also provides 80% matching grants of up to \$5,000 to program participants to make the improvements recommended by the retail industry experts. This program is targeted to low-moderate income micro-enterprises.



B. The Façade Improvement and Signage and Lighting Programs

The Façade Improvement and Signage & Lighting Improvement programs provide technical and financial assistance to property owners or tenants seeking to renovate or restore their commercial building facades. The programs' objectives are to enhance the physical appearance of storefronts and to help build a stronger customer base. For both programs, an architectural consultant, retained by the City, is available at not cost to assist applicants through the conceptual design stage. Applicants then hire licensed architects and contractors to refine the conceptual design and to implement the City-approved plans.

The Façade Improvement Program provides matching grants of up to \$35,000 for full façade improvements. These may include the restoration of architectural details, better windows and doors, and well-proportioned signage and lighting. The Signage and Lighting Improvement Program is similar to the Façade Program but focuses on a narrower range of physical improvements. This program provides matching grants of up to \$3,500.

C. Support to Business Associations/Organizations

EDD continues to collaborate with local business associations and organizations, including the Central Square Business Association, the Harvard Square Business Association, the Chamber of Commerce, the Cambridge Business Development Center, and the Women in Business Connection to improve the business environment and to promote the visibility and marketability of commercial districts.

Small Business Assistance

A. Counseling & Technical Assistance

One-on-one counseling and technical assistance is offered to new businesses in the start-up phase and to existing businesses facing a wide range of issues from business expansion to financial distress. Businesses may receive help with writing a business plan, which can be used to apply for business loans or as an operating tool for running the business. Other assistance may include help with new business feasibility analysis, marketing plans, expansion plans, site assessments, and referrals to sources of capital.

B. Access to Capital

Several non-profit organizations and state and federal institutions have developed programs designed to help emerging businesses obtain capital. In addition, Cambridge banks have loan programs specifically designed to support the needs of small businesses. EDD assists businesses with locating the appropriate lenders, based on the needs of the company, and assists with the preparation of loan applications.

C. Cambridge Minority & Women-owned Business Directory

The development and enhancement of businesses owned and operated by women and/or minorities have been high priorities of the City. Since 1997, the Economic Development Division has published two Women and Minority-owned Business Directories. Most recently published in February 2003, the Cambridge Minority and Women-owned Business Directory lists 389 women and minority-owned businesses and contains a resource guide to other small business support services. The City's Purchasing Department has a Good Faith Purchasing Program that is available to all state-certified minority and woman-owned businesses. The State Office of Minority and Women Owned Business Administration, usually referred to as

SOMWBA, administers the certification process. As women and minority-owned businesses have traditionally had less access and opportunity in the broader economy, the City has encouraged greater use of the products and services provided by these businesses.

D. Cambridge Business Development Center

The Cambridge Business Development Center (CBDC) is a Cambridge-based non-profit organization dedicated to helping start and grow successful businesses. The City provides financial support for CBDC to assist low- income micro-enterprises in Cambridge. Its unique mentoring model pairs less experienced entrepreneurs with experienced mentors. CBDC also holds classes for emerging entrepreneurs in areas such as Getting Started in Business, Business Planning, and Accounting Basics.

Real Estate Information/Business Climate

A. Site Finder Service

The Economic Development Division maintains a listing of available commercial real estate and makes this information available to anyone seeking commercial space in Cambridge. Site searches are performed for office, retail, industrial, and research and development space.

B. Development Log

The Development Log, published bi-monthly, tracks large-scale residential and commercial development projects in the City that are currently in the permitting and construction stages. For each project listed, the log contains the name and location, project size, developer, type of use, square footage, and contact information.

C. Current Market Conditions

EDD monitors current market conditions in employment and real estate to understand their impact on the City's economy. Information is maintained on development projects, census data, and industries of special significance to the City.

D. Permits & Licenses

In order to provide a user-friendly regulatory environment for residents and businesses, EDD has developed six systematic guides to obtaining common licenses and permits. Topics include how to obtain a building permit, a curb cut permit, a fire safety permit, permits and licenses required to hold a special event, historic commission certificates, and how to start a business in Cambridge.

The above-mentioned documents, as well as a wide assortment of demographic, economic, and real estate market data are available via the City's website at <http://cambridgema.gov/~CDD/>.

Support for Cambridge's Workforce

Cambridge is widely known as having a highly talented, well-educated workforce. Great emphasis has been placed on cultivating a broad-based workforce in order to meet the needs of Cambridge employers. City staff continually design and develop initiatives aimed at enhancing access to jobs for Cambridge residents by coordinating with the Office of Workforce Development, employers, the School Department, non-profit organizations, and others.

A. Labor Survey

In 2001, EDD published *“Education and Skills for the New Economy: A Survey of Employment Trends in Cambridge”*. This document helps interested parties gain a better understanding of current and future labor needs of the City's employers in the science and research, health,

information technology, and business and finance industry sectors, the so called “new economy.” It also provides a better understanding of the links between workforce policies, school curricula, and the jobs of tomorrow. This study will be updated in 2004.

B. Just A Start Biomedical Training Program

EDD supports one of Just A Start’s economic empowerment programs offered to residents who live in a federally designated Neighborhood Revitalization Strategy (NRS) area of the City. Just A Start is a community development corporation offering a range of programs that help low-to-moderate-income families and individuals improve their housing choices, earning power, career prospects, and quality of life. The City provides financial support to Just A Start for recruiting, training, and placing Cambridge residents in jobs in the biotechnology and biomedical industries through its Biomedical Careers Program. This nine-month program prepares students for entry-level jobs in biotechnology companies, clinical and research labs, and medical facilities. Since the program began in 1992, forty-four area companies have hired almost 100 Just A Start graduates as temporary workers, interns, or permanent employees. NRS graduates are eligible for up to 18 college credits from Bunker Hill Community College (BHCC) and upon fulfillment of all requirements, receive a certificate from Just A Start and BHCC.

C. Cambridge Health Alliance

The City has developed a collaboration with the Cambridge Health Alliance (Alliance) to train incumbent workers so that they can become eligible for higher level positions, paying higher salaries, within the Alliance. Alliance workers holding lower paying positions are offered a two-year training opportunity in fields where there is a critical shortage of workers. The 2004 goal is to assist 22 people to move into careers in the health-care area and to assist these workers to become economically self-sufficient. Workers are trained in specialties such as nursing, occupational therapy, medical/laboratory, radiology, and pharmacy technicians. This program is targeted to low-moderate income individuals.

FOUR

SECTION **FOUR** Factors Shaping the Local Economy

The Cambridge economy is defined by its broad range of business establishments, job opportunities, educational institutions, housing opportunities, and a strong overall quality of life. Planning, zoning, parking, transportation and environmental policies are carefully coordinated and there are numerous opportunities for resident input. These factors combine to make the City an exciting place to visit, live, go to school, and conduct business.

Age

An analysis of the table below shows that there has been stability in the population under 35. Those between 35 and 44 increased from 1980 to 1990, then decreased between 1990 and 2000. Generally, these individuals are in the career-building phases of their professional lives. Reflecting the national trend in population growth, the greatest overall population growth has been in the population between the ages of 35 to 64, a period when most people have completed their education, and have settled into their careers and family lives. The most significant decline in population has been in the age group of 17 and under. Most of the loss in youths under 18 occurred between 1980 and 1990.

Exhibit A: Population by Age Group, 1980-2000

Age Group	1980	%	1990	%	2000	%	% Change 1980-2000	% Change 1990-2000
17 & Under	14,977	15.7%	13,612	14.3%	13,447	14.1%	-10.2%	-1.2%
18-24	22,445	23.5%	18,997	19.9%	21,472	22.5%	-4.3%	13.0%
25-34	24,335	25.5%	23,865	25.0%	25,202	26.4%	3.6%	5.6%
35-44	9,086	9.5%	15,430	16.2%	13,942	14.6%	53.4%	-9.6%
45-54	6,573	6.9%	7,898	8.3%	11,144	11.7%	69.5%	41.1%
55-64	7,035	7.4%	5,929	6.2%	6,866	7.2%	-2.4%	15.8%
65 & Up	10,871	11.4%	10,071	10.6%	9,282	9.7%	-14.6%	-7.8%
TOTALS	95,322	100%	95,802	100.5%	101,355	106.3%	6.3%	5.8%

Source: US Census Bureau



Education

Educational attainment in the City is very high, with just over 65% of residents possessing a

bachelor's degree or higher.⁹ This places Cambridge high among U.S. communities with well-educated populations. Such communities tend to be attractive to companies seeking workers with high levels of technical skill. In discussing employers' needs with Cambridge's larger employers, EDD staff found that several indicated a desire to hire more graduates from local colleges and universities.

Exhibit B: Educational Attainment Age 25 & Up

Location	No HS Diploma	HS Diploma	Some College	Associates Degree	Bachelor's Degree	Grad/Prof. Degree
Cambridge	10.4%	12.2%	8.8%	3.4%	26.7%	38.5%
Massachusetts	15.2%	27.3%	17.1%	7.2%	19.5%	13.7%
Nation	19.7%	28.6%	21.0%	6.3%	15.5%	8.9%

Source: US Census Bureau, Census 2000 SF 3

Housing Affordability

Despite its many economic successes, Cambridge faces challenges. Housing affordability is a major challenge for the City and for the region. The metro-Boston area consistently ranks among the most expensive housing markets in the U.S. Many who have come to Cambridge to be educated, or who are life-long residents, want to remain in Cambridge but have found themselves priced out of the housing market. These pressures intensified when rent control ended as a result of a state-wide ballot question in 1995. **Exhibit C**, below, details the housing gap, showing the difference between the median sale price for housing and the corresponding income needed to purchase a home.

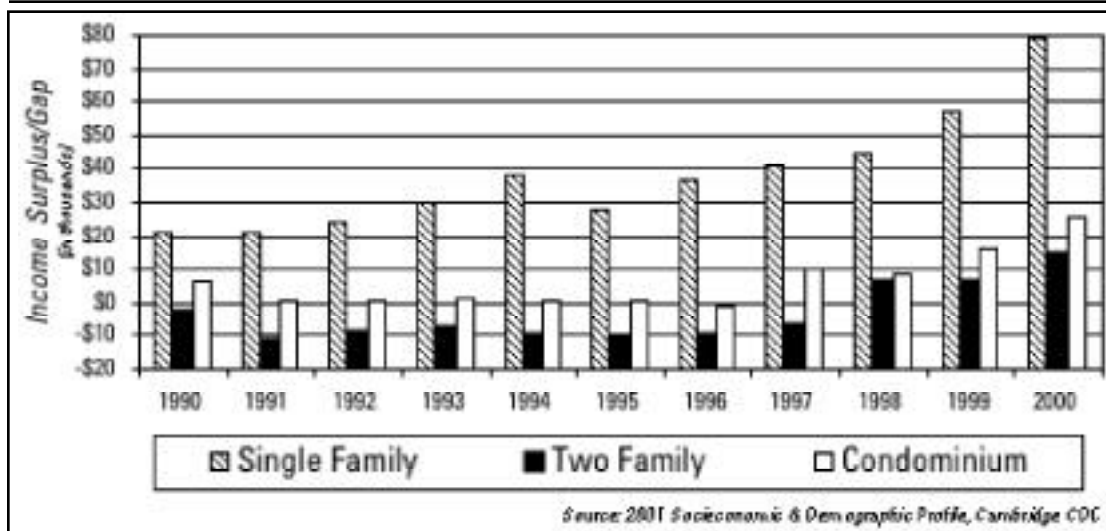
Similarly, companies wishing to attract new employees from other parts of the country find that the cost of housing in Cambridge becomes a major concern. To mitigate the affordable housing crisis in Cambridge, the City has created or preserved over 2,000 new units since the end of rent control through various programs and initiatives including new construction and rehabilitation of older units.

Since 1998, the City's Inclusionary Zoning Ordinance has required developers of new or converted residential development with ten or more units, to designate at least 15% of the total number of units as affordable housing. CDD's housing objectives include preserving and creating affordable rental units and increasing home-ownership opportunities. These objectives are supported by an array of local, state, and federal housing programs such as the Cambridge Affordable Housing Trust, the Housing Stabilization Fund, HOME funds, and the Urban Development Action Grant. As a federally designated entitlement area, the City receives a direct, annual allocation of Community Development Block Grant (CDBG) funds; a portion of these funds is used for housing assistance.

Further, in the fall of 2001, the City electorate and the City Council voted to adopt the Community Preservation Act, to support creation of affordable housing, open space and historic preservation. Given the housing crisis, 80% of these funds are designated for housing efforts, providing a substantial additional source of funding.

In the fall of 1999, Harvard University launched its 20/20/2000 Initiative, committing \$20 million over twenty years to Boston and Cambridge in low interest loans for affordable housing preservation and development. Of Cambridge's \$10 million, \$6 million was allocated to the City's Affordable Housing Trust Fund for low interest construction loans and permanent financing. The remaining \$4 million was earmarked for two local non-profit organizations for development of affordable units.

Exhibit C: Housing Affordability, 1990-2000



Parking & Transportation

Maintaining quality of life for residents and businesses in Cambridge is a key issue for the City. Since 1992, when the City Council adopted the Vehicle Trip Reduction Ordinance, Cambridge has implemented transportation policies and programs to improve mobility and access, reduce congestion and air pollution, and increase safety for workers and residents.

Good access for both customers and employees of business establishments is critical to a healthy Cambridge economy. Cambridge employers have a wide array of alternative transportation options for their employees including an expansive subway and local bus system, private shuttles, and infrastructure that accommodates pedestrians and bicyclists.

The City works with businesses on both a voluntary basis and through its Parking and Transportation Demand Management (PTDM) Ordinance to reduce the number of trips made by single-occupant vehicles, thus reducing traffic and the need for parking. City staff are available to advise employers who want to develop Transportation Demand Management (TDM) programs aimed at reducing the level of drive-alone travel by promoting walking, bicycling, carpooling, vanpooling, public transportation, and other alternative transportation modes.

The Parking and Transportation Demand Management (PTDM) Ordinance, adopted in 1998, is designed to encourage employers to provide incentives for their employees and patrons to walk, bike, carpool or take public transit. The ordinance is triggered when existing parking facilities are being modified to increase the number of spaces or when new parking facilities are proposed.

In addition to the requirements of the PTDM Ordinance, development projects subject to special permit approval are required to mitigate any negative traffic impacts. In general, a detailed traffic impact study and, if warranted, a traffic mitigation plan must be prepared for projects over 50,000 square feet. The city encourages developers to emphasize transit-oriented development and other smart growth strategies in order to minimize negative traffic impacts.

**Exhibit D:
Cambridge Workforce Journey to Work, 2000**

Drove alone	19,239	35.0%
Public Transportation	13,776	25.1%
Walked	13,409	24.4%
Carpooled	2,942	5.3%
Worked at home	2,902	5.3%
Bicycle	2,143	3.9%
Other means	548	1.0%
TOTAL¹⁰	54,959	100.0%

Source: US Census Bureau, Census 2000

off. There was a decrease, albeit small, in the percentage of Cambridge residents who drove to work in 2000, compared to 1990. In Boston and in Massachusetts as a whole, however, there was an increase in the percentage of people who drove to work during the same period.

Environmentally-friendly Businesses

In 1999, recognizing that climate change will transform our lives, Cambridge joined Cities for Climate Protection, an international organization of communities that are taking local action to address the issue. In December 2002, the City Council adopted the Cambridge Climate Protection Plan, which proposes actions to reduce greenhouse gas emissions in Cambridge by 20% by the year 2010 (from the 1990 base).

Achieving this goal will require participation from all sectors of the community including businesses. City staff and an advisory committee--which includes local business people, educational institutions, students, and neighborhood residents-- are working with Cambridge businesses to help them reduce their greenhouse gas emissions. The City is available to help businesses gain access to resources available through NStar, the federal government, and elsewhere to become more energy efficient. Carrying out the climate protection plan will bring multiple and additional benefits; among them are cleaner air and water, energy cost savings, savings in personnel costs (healthier buildings mean healthier and more productive employees), and reduced traffic congestion.

The City recognizes the importance of environmental leadership with its annual GoGreen business awards. These awards are given to businesses and institutions for outstanding environmental efforts in transportation and recycling.

As the costs of climate change escalate, the pressure to take action will grow. Businesses that make their buildings and operations more energy efficient, reduce motor vehicle trips, and eliminate waste are likely to find themselves well ahead of the curve.

Municipal Taxes & Bond Rating

In recognition of Cambridge's strong economic and financial condition, the City received the highest credit rating (AAA) from the three major credit rating agencies: Fitch Ratings Inc., Moody's Investors Service, and Standard & Poor's Rating Services. Cambridge is one of only nine cities in the nation that has achieved AAA ratings from these three independent financial rating agencies. The high credit rating allows the City to finance capital projects with lower interest rates, ultimately saving millions of dollars, while improving the infrastructure valued by the business and the residential community. Sound fiscal management has enabled the City to continue to offer a high level of services while keeping the tax rates low despite an era of shrinking federal and state assistance.

The City actively works to improve its transportation system through traffic calming measures and other infrastructure projects aimed at accommodating all modes of transportation and promoting walking and bicycling for commuting as well as shopping, recreational, school, and other types of trips.

New data from the 2000 Census indicates that the City's efforts are beginning to pay

Exhibit E below compares residential and commercial tax rates in fourteen communities, and shows the state average. Cambridge's residential and commercial tax rates are lower than other Massachusetts communities having comparable commercial and industrial tax bases. This helps to maintain Cambridge's competitive advantage as a business location.

Planning and Zoning

In February 1993, the City published, *Toward a Sustainable Future*, a growth policy document examining community planning issues in Cambridge. In September 1997, the City embarked upon a four-year effort to develop citywide growth management policies and zoning recommendations. The process culminated in the adoption of two comprehensive rezoning initiatives by the City Council in February and October of 2001, affecting most non-residential and high density residential districts throughout the City (the Citywide Rezoning Petition) and in East Cambridge (the ECaPS Petition). Building on the seventy land use policies enumerated in *Toward a Sustainable Future*, the rezoning goals included reduction of traffic growth and negative impacts from new development, provision of opportunities for public review of new large projects, increased incentives for housing, and support for a vigorous and adaptable City economy. As an extension of those earlier planning efforts, a comprehensive review of the policy and regulatory issues affecting the Concord Avenue-Alewife area in west Cambridge is now underway. This planning process is reviewing development potential, will recommend changes to zoning, and will look at transportation and environmental issues to provide an updated context for future development in the area.

While the recent large rezoning efforts have concentrated on formerly industrial and commercial districts where much new construction and redevelopment has occurred, *Toward a Sustainable Future* identified the protection and enhancement of the City's many historic neighborhoods and commercial centers as central to sustaining the larger City economy. These appealing neighborhoods and retail districts, with their historic buildings, attractive parks, and diverse retail services, not only make Cambridge a pleasant place to live, but also an attractive place to do business either as a small store owner or as a larger business enterprise. The City's land use policies, over several decades, have attempted to preserve the integrity and human scale of these important assets. Past and recent zoning initiatives have established design review procedures to ensure that historic structures and environments are protected and that new buildings are good, attractive neighbors. Professional staff in the Community Development Department, the Cambridge Historical Commission, and the Conservation Commission, among many other agencies, support citizen boards and commissions, like the Planning Board, in guiding the City into the future while respecting the legacy of its long and fascinating past.

Exhibit E: Comparative Tax Rates among Selected Communities

FY04		
	Residential	Commercial
Bedford	\$11.32	\$26.38
Boston	\$11.29*	\$31.49
Burlington	\$8.10	\$24.90
Cambridge	\$7.63	\$19.08
Framingham	\$13.31	\$29.68
Lawrence	\$12.07	\$26.50
Lexington	\$10.95*	\$21.18*
Lowell	\$13.97	\$29.17
Medford	\$9.48	\$21.70
Somerville	\$12.46*	\$20.60*
Waltham	\$9.67*	\$23.65*
Watertown	\$12.65*	\$22.68*
Woburn	\$8.43*	\$21.98*
Worcester	\$14.75	\$29.60

*FY 2003 Rates

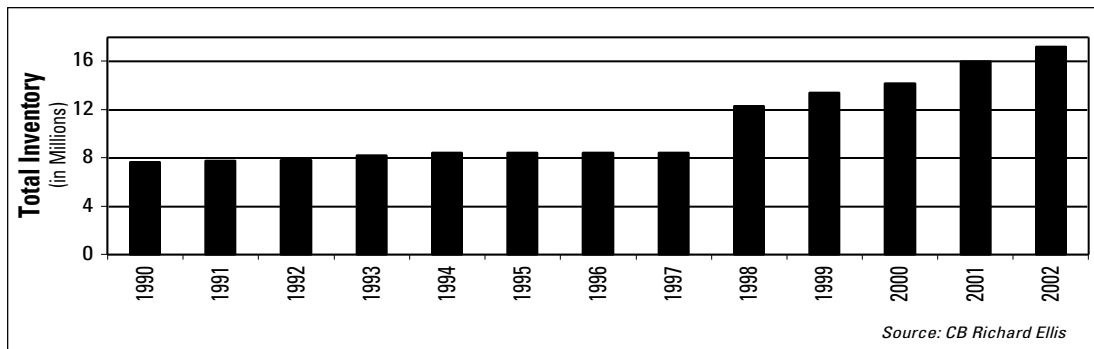
Source: MA Department of Revenue, Division of Local Services

Commercial Real Estate

The cost and availability of commercial real estate play a key role in attracting and retaining businesses. To better understand commercial real estate trends, EDD tracks available commercial inventory and pricing throughout the City.

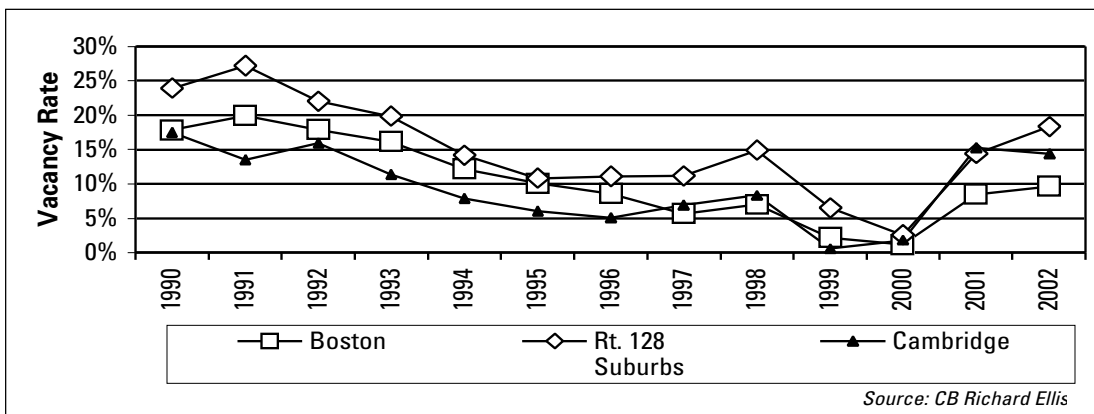
Commercial office inventory remained relatively stable from 1990 to 1997. Exhibit F shows the boom in new growth that occurred between 1997 and 2002 when 10 million square feet of property were added, more than doubling Cambridge’s commercial inventory. In 1998, approximately 4 million square feet were added to the commercial inventory, and in each subsequent years, nearly 2 million square feet were added.

Exhibit F: Total Inventory of Commercial Space by Square Foot, 1990-2002



By the end of the first quarter of 2002, the overall availability rate was above 18%, largely due to the decline in the “dot com” industry and coinciding with national economic conditions.¹¹ The increased availability of commercial office space placed downward pressure on rental prices, and commercial tenants began taking advantage of the lower lease costs to renegotiate their existing leases. Despite the downturn in the high tech industry, Cambridge’s link to the biotech industry kept the City in a competitive position compared to the rest of the state. Until mid-2002, available space in the biotech sector remained at or near 0%, prompting many retail and office property owners to convert existing office space to biotech space where possible. However, more recent data show that availability of biotech-ready space has increased to the low 20% range.¹²

Exhibit G: Comparative Vacancy Rates for Commercial Space, 1990-2002 YTD



Incubator Space

Due to the price of commercial real estate, it is challenging for many young companies to locate in Cambridge. Business incubators support fledgling entrepreneurs by helping them to survive and grow during the start-up period when they are most vulnerable. They offer small businesses the opportunity to share an array of services; flexible space and lease arrangements; targeted legal assistance; accounting, engineering and design advice; access to outside resources; and new business opportunities through strategic partnerships with other incubator clients. Incubators also make it possible to share clerical and secretarial services at reduced costs. Cambridge currently has four general business incubators, one retail incubator, and two that assist high-tech start-ups (see Appendix D). The Economic Development Division continues to assess the need for new incubators and to encourage the development of incubators as a means of assisting start-up companies.

Tourism and Cultural Amenities

Tourism is the third largest industry in the state, employing 233,969 people in 14,000 eating, drinking, and hotel/motel establishments¹³. In 1997, the Cambridge Office for Tourism commissioned McCabe Enterprises to conduct a study of the impact of tourism on the Cambridge economy and determined that out of the nearly \$13.4 billion spent annually on tourism in the state, approximately \$1 billion was generated in Cambridge¹⁴. Although this information is somewhat dated, it illustrates the economic impact of tourism on the Cambridge economy.

Clearly, the City has much to offer as a tourist destination. Cambridge attracts many visitors to its colleges, museums, historic sites, technology companies, restaurants, and art, cultural and recreational activities.

Harvard University and MIT are both home to several important museums and art galleries. The Harvard museums contain many interesting and significant materials including European and American masterpieces, Asian and Islamic collections, and natural history exhibits, to name a few. Harvard also has a renowned film program, dance companies, and some of the country's oldest libraries. MIT's museums feature a variety of innovative technology, architecture, engineering, and computing exhibits, and contemporary art by local and international artists and designers. Hotels, restaurants, transportation services, catering firms, and event planners are among the businesses that benefit from the continuous events taking place at these institutions such as conferences, graduation ceremonies, reunions, and other activities bringing guests from around the world.

Cambridge has a large number of eating and drinking establishments, many of which offer fine examples of the great cuisines from around the world. The Office for Tourism website (www.cambridge-usa.org) lists 205 such establishments, ranging from five star restaurants to numerous coffee shops and teahouses.

The City has an abundance of cultural activities that are significant tourist attractions. During the summer months, visitors and Cantabrigians can take advantage of up to 18 festivals and street fairs, where vendors sell food, works of art, and other handcrafted items. The Cambridge Arts Council (CAC) promotes art through exhibitions, street festivals, and public art displays, and celebrates the City's racial and ethnic diversity through the promotion of numerous cultural festivals. Cambridge has no less than 30 bookstores, some catering to a specific clientele or subject matter, while others are of broad public interest.¹⁵ Walking through Harvard Square or

other commercial districts, one is likely to hear music ranging from a violin concerto to a steel drum concert or jazz quartet.

Within its 6.2 square miles, the City has a wide variety of lodging choices from fine hotels and inns to small bed and breakfast establishments. Cambridge has 3,690 rooms contained within 24 hotels, motels, and inns and is second only to Boston in revenue from hotel room tax¹⁶. In FY 2002, the City collected a total of \$4.9 million in hotel tax revenue. Revenue collected from hotel taxes in FY 2003 ¹⁷ totaled \$4.4 million and a total of \$4.6 is projected for FY 2004.

From boating on the Charles River, to theatre, music and dance performances, and other social and cultural activities, Cambridge offers an array of activities to attract visitors adding value to the Cambridge economy. Expanded efforts to promote of tourism should be viewed as an economic development strategy, given the positive impacts on the overall economy of the City.

⁹ US Census Bureau, Census 2000 SF 3

¹⁰ The U. S Census Bureau

¹¹ CB Richard Ellis, 2nd Quarter Market Index Brief.

¹² Spaulding & Slye Colliers, 1st Quarter 2003 Market Report.

¹³ Labor Force Estimates, 1/03, MA Division of Employment and Training

¹⁴ "Cambridge Tourism: Setting the Course", McCabe Enterprises, July 1997

¹⁵ From the Cambridge Office of Tourism's website, <http://www.cambridge-usa.org>

¹⁶ City of Cambridge Department of Revenue

¹⁷ Room Occupancy Revenue Report for 351 Cities & Towns, Mass. Dept. of Revenue, Div. of Local Services, Feb. 03

SECTION FIVE

Cambridge Business Climate

Despite the recent recession and slow rate of recovery, Cambridge has experienced relatively strong economic activity. Employers and developers continue to find the City attractive due to its close proximity to Boston, its educational institutions and medical facilities, its well-educated workforce and extensive public transportation network, together with the City's commitment to providing a stable regulatory environment.

Vacancy rates for research and development space tend to be lower than in the surrounding communities, despite a sag in the commercial office market. Cultural and recreational amenities, proximity to world class institutions, innovative reuse of existing structures and construction of new, state-of-the-art facilities have kept the City a vibrant business and residential community.

Employment

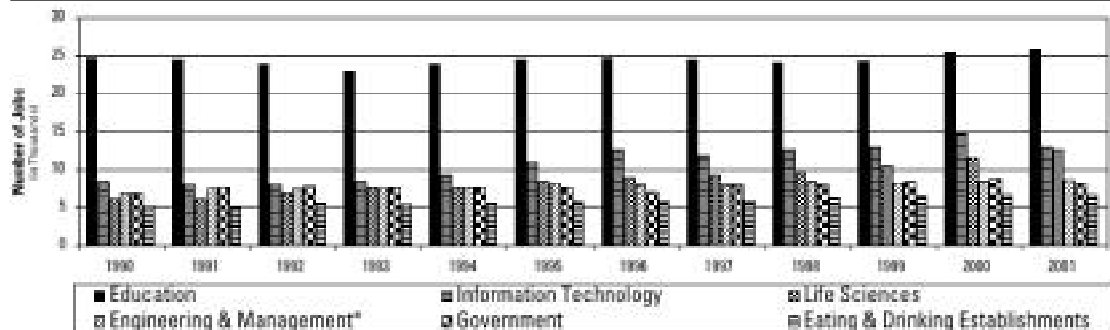
Cambridge has a rich employment base of approximately 105,662 people. The challenge is to keep private sector employment growth on the incline by providing the types of support services needed by businesses, and supporting a broad range of training and workforce development opportunities.

As illustrated by the chart above, the total number of new jobs in both public and private sectors increased by approximately 4,000 between 1997 and 2001. In 2002, total jobs decreased by 8,000 reflecting job losses sustained on the national level from the flagging economy.

A. Trends and Top Employers

The Massachusetts Department of Employment and Training defines employment categories in order to track employment and wage statistics in all industries. **Exhibit I** below illustrates the number of jobs in Cambridge's leading industry sectors between 1990 and 2001. Education led all sectors with a combined job total of 25,688. The information technology and life science sectors both exhibited strong growth over the 11-year period. Employment in all other sectors experienced modest growth.

Exhibit I: Cambridge Top Employment Sectors, 1990-2001



Source: MA DE/ ES-202 Series *Excludes Computer and Data Management which is part of IT

Exhibit H: Private vs. Public Employment

	Total	Private & Non-Profit	Public
1990	103,278	96,446	6,831
1991	101,317	3,654	7,662
1992	100,631	92,928	7,704
1993	99,751	92,112	7,639
1994	100,978	93,328	7,649
1995	103,988	96,441	7,547
1996	107,240	100,203	7,036
1997	109,553	101,487	8,053
1998	113,098	105,174	7,907
1999	111,335	103,063	8,255
2000	115,625	106,828	8,784
2001	113,479	105,251	8,217
2002	105,662	97,276	8,386

Source: MA DET ES-202 Series

Below, is a comparison of the top 25 employers.

Exhibit J: Top 25 Cambridge Employers

2003 Rank	Name of Employer	Employees ¹	Business
1	Harvard University	8,727	Higher Education
2	Massachusetts Inst. of Technology	8,569	Higher Education
3	City of Cambridge ²	3,226	Government
4	Cambridge Public Health Comm.	1,746	Medical
5	Federal Government	1,690	Government
6	Biogen Inc.	1,467	Biotechnology
7	Mt. Auburn Hospital	1,449	Medical
8	Millennium Pharmaceuticals	1,412	Biotechnology
9	Genzyme Corporation	1,005	Biotechnology
10	Draper Laboratory Inc.	923	Research & Development
11	Wyeth/Genetics Institute	724	Biotechnology
12	Whitehead Institute	690	Research & Development
13	Commonwealth of Massachusetts	678	Government
14	Camp, Dresser & Mckee	630	Engineering Consultants
15	Lesley University	608	Higher Education
16	Quest Diagnostics	593	Clinical Testing Services
17	Grace Construction	554	Construction Products
18	Vertex Pharmaceuticals Inc.	486	Biotechnology
19	Whole Foods/Bread & Circus	476	Retail Supermarket
20	Shaws Supermarkets/Star Market	435	Retail Supermarket
21	Ef International	422	Travel & Exchange Programs
22	Abt Associates	408	Management Consulting
23	Youville Hospital ³	403	Medical
24	Monitor Group	395	Management Consulting
25	Cambridge Marriott Hotels ³	353	Hotel

1. All figures collected between 7/03 and 9/03. All figures reflect employment within the City of Cambridge only. Whenever possible, totals are based on Full Time Equivalents (FTEs). Part time workers were counted as 0.5 FTEs, unless otherwise indicated by employer response.

2. City of Cambridge figures include School Department employees.

3. Not on 2002 list. Each of these two companies belonged to the Top 25 Employers at various times in the past.

4. Employers dropped from list since 2002 include Transkaryotic Therapies Inc. and Akamai Technologies Inc.

Source: Cambridge Community Development Department and cited employers, 2003.

Harvard University, MIT, and the City of Cambridge remained the City's top three employers during 1997-2002 with relatively constant numbers of employees. Among the top private employers, growth in the life science sector companies led all others. Millennium Pharmaceuticals, which was not among the top 25 employers in 1997, has become one of the City's largest private employers. Other life science entities such as Biogen, Genzyme, Wyeth, and the Whitehead Institute have also moved into prominence.

Top Industry Sectors

A. Education Sector

Education has always been an important part of the City's economic base with Cambridge being home to two of the world's most renowned education and research institutions, Harvard University and the Massachusetts Institute of Technology (MIT). In FY02 MIT alone brought in over \$440 million in research dollars from outside sources.¹⁸ Cambridge also hosts Lesley University and Cambridge College. Lesley University is a liberal arts institution focusing primarily on education, human services and the arts. Cambridge College emphasizes education, counseling and management programs for working adults.

Cambridge's large student population contributes to the economic base through the purchasing power of students, employees and visitors. In addition to being among the largest employers of Cambridge residents, Harvard and MIT own and operate a multitude of facilities and businesses, many of which are open to the public. The common objective of the institutions is to prepare well-educated students, thus contributing to the region's economy. Additionally, many students and faculty provide volunteer services to the community through a wide range of cultural and social programs that further invigorate the City.

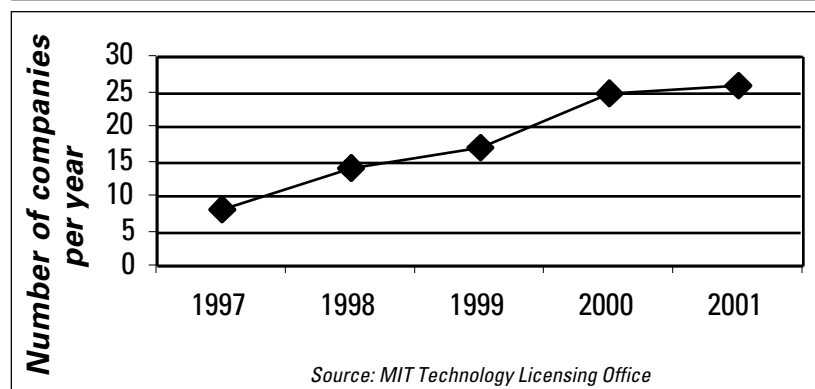
The impact of student spending on the local economy is notable. In the 2001-02 academic year, approximately 37,000 full and part-time students were enrolled in Cambridge colleges and universities.¹⁹ For academic year 1998-99, Harvard's Office of Government, Community & Public Affairs estimated student spending at \$145 million, including spending for housing (mostly by its graduate student population).²⁰

In 2002, MIT reported that it purchased approximately \$41 million in goods and services from Cambridge businesses and employed approximately 7,741 people.²¹ All four higher education institutions reported a combined employment of 4,539 Cambridge residents.

A major incentive for companies to locate in the City is the caliber of faculty and students. Cambridge has become a center for the production of intellectual capital. The level and quality of research conducted at local institutions is also a major attractor of research dollars. Although research dollars do not directly translate to tax dollars for the City, the presence of this funding acts as an economic stimulus; research activities result in technology transfer and the creation of new companies, many of which remain in Cambridge. In addition, research dollars attract entrepreneurs and businesses from outside the City doing similar or complementary work and seeking to develop collaborations with Cambridge-based institutions and businesses. Faculty and graduates of MIT and Harvard started companies like Akamai,

Biogen, Ariad Pharmaceuticals, Transkaryotic Therapies (TKT), Alkermes, and Zipcar, Inc. The chart at the right illustrates the growth in companies "spun-off" from MIT. In fact, MIT's Entrepreneurship

Exhibit K: Spun-Off Companies from MIT, 1997-2001



Center helps to form collaborations among faculty, students and alumni dedicated to the creation of innovative start-up companies.

The impact on area employment, development of human capital, purchasing, construction, and infusion of research dollars combine to make Cambridge colleges and universities a major economic development force.

B. Information Technology and Life-Science Sectors

1) Information Technology

Most recently, the nation's overall economic slow-down has had a major effect on the information technology (IT) sector. By comparison, biotech's growth has been more stable. The overall employment picture in Cambridge, which was contracting at the start of the 1990's, steadily increased over the remainder of the decade due largely to growth in the biotech industry.

At its peak in 2000, the information technology sector accounted for almost 13% of Cambridge's total employment. By year-end 2001, the last year data is available, the IT share of total employment had slipped to just below 12%. Despite the recent economic downturn, Cambridge has been able to maintain its competitive advantage because of its highly trained workforce, proximity to research and development institutions, and entrepreneurial spirit. Areas such as wireless communications, information management and security, and intersecting sectors such as biotech and data management will require new software and hardware to manage the vast amounts of data available in these and other sectors. Recent reports of increased investments by venture capital funds into the IT sector indicate a potential re-invigoration of this sector.²²

2) Life Science Sector

Cambridge's economy has been the beneficiary of strong growth in the life sciences particularly biotechnology. Cambridge is currently at the center of biotech research and innovation. The Massachusetts Biotechnology Council (MBC) estimates that with nearly 300 life science firms in Massachusetts, Cambridge is home to more than 70 of these companies.

According to a joint report issued by the MBC and the Boston Consulting Group, approximately 8% of the world's total pipeline of new drugs comes from companies headquartered in Massachusetts.²³ The decoding of the human genome began approximately two decades ago at the Cambridge-based Whitehead Institute, along with research initiatives at Harvard and MIT, among others. Because of this research, the medical community has begun to tackle diseases once considered incurable, by developing drugs specifically designed to affect an individual's genetic make-up. "Specialized drugs" targeted to an individual's genetic code could potentially revolutionize the medical profession, and Cambridge companies are at the forefront of this research. With over 6,000 new jobs added over the past ten years, biotech now represents almost 12% of the City's total employment as shown in the chart below.

Exhibit L shows employment for the top five-biotech firms in Cambridge.

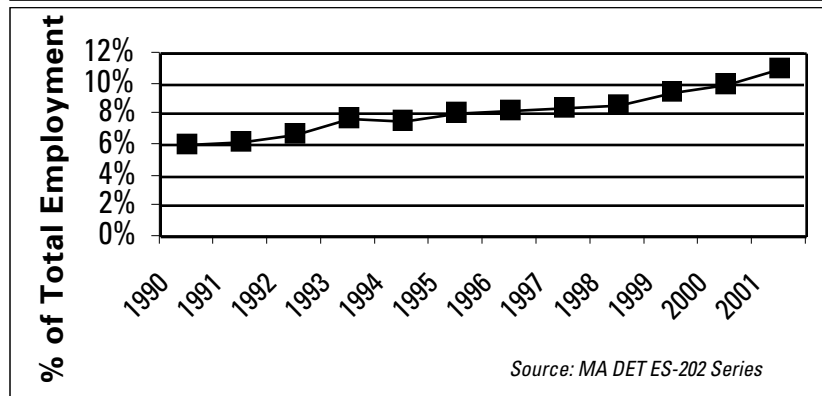
Exhibit L: 2002 Top Biotech Firms 1990-2001

Firm	Cambridge Employees
Biogen	1,467
Millenium	1,412
Genzyme	1,005
Wyeth	724
Vertex	554

Sources: 2002 Cambridge Top 25 Employers Survey

The biotech industry is heavily dependent upon highly trained research scientists who are in close proximity to equally skilled medical professionals. Many companies choose to locate here understanding that they gain a competitive edge by establishing

Exhibit M: Biotech - Percent of Total Employment



their research and development divisions in Cambridge. Novartis Pharma AG, a Swiss pharmaceutical company, established its worldwide research and development headquarters near Kendall Square and MIT in the spring of 2003 and will occupy several additional buildings, including the rehabilitated NECCO building on Massachusetts Avenue. Novartis is expected to employ approximately 1,000 scientists in Cambridge over the next several years. Further, Harvard University and MIT recently announced a collaborative effort that will create the Broad Institute, a new \$300 million Cambridge-based institute that will build on the work of the Whitehead Institute. This interdisciplinary institute will focus on taking genetic research to the next level by finding cures for genetic diseases.²⁴

Biotech Jobs

Cambridge was once a center for industries such as brick manufacturing, wire and cable production, shoe making, and other product manufacturing companies. Today, the City’s largest private employers hire scientists, engineers, and others to do research and development. These “new economy” jobs, based on highly technical training and education, fit well within the Cambridge community, given the high percentage of well-educated workers, the presence of Harvard, MIT, and other local “think tanks.” The challenges of limited space for expansion and the relatively high cost of real estate create a dilemma in that many biotech “start-ups” move to other locations when they enter the manufacturing stage of development. However, as companies change from using old manufacturing techniques to producing products that are smaller, more powerful and more efficient than their predecessors, and that require much less space for production (using nanotechnology or “tiny tech”), Cambridge may be able to retain businesses it might otherwise have lost. MIT has several laboratories devoted to nanotechnology, indicating its potential significance to manufacturing in the future.

Other Industry Sectors

The Engineering and Management Services sector also performed well over the last decade, adding nearly 1,500 workers to the Cambridge employment base. Like many of the City's other growing industry sectors, most jobs in this sector require a specifically trained workforce.

Workforce

A. Workforce Development and the "New Economy"

The "new economy" has been defined as the flexible production of goods and services, whereas the "old economy" is centered on the mass production of goods. "New economy" jobs require highly technical skills whereas "old economy" positions may not. The need to retool school curricula and workforce development programs to reflect economic trends is not one that Cambridge faces alone. Harvard Business School Professor Juan Enriquez, in his book entitled, *As the Future Catches You: How Genomics and Other Forces are Changing Your Life, Work, Health & Wealth*, makes a strong case for the need to understand and appreciate the link between earning power and "new economy" technology. Dr. Enriquez states, "There is a significant difference in incomes between those who understand technology...and those who do notThe technology-literate make an of average, two to three times more than their neighbors Maintaining current U.S. leadership in technology increasingly depends on attracting extraordinarily talented people" If Enriquez's propositions are correct, links must continue to be made to tailor both workforce policies and school curricula to the needed skills and competencies of tomorrow.

In 1998, 40% of total employment in Cambridge was largely found in four industry clusters: Information Technology, Science, Health, and Business and Finance, according to a report published by EDD in 2001. EDD surveyed businesses in these sectors and published the results in *Education and Skills for the New Economy: A Survey of Employment Trends in Cambridge, Massachusetts*. This document attempted to gauge the workforce development needs of the business community and analyze trends in the workplace. The study also provided guidance to job seekers regarding education and skill requirements for specific jobs within the "new economy" industry clusters. The report found that employers valued employees having technical or "hard skills" in combination with "soft skills" such as communication and customer service proficiency. The following is a summary of the report:

1) Key Job Types

The ten most frequently reported job types among businesses surveyed were *Engineer, Nurse, Administrative Assistant, Management, Nurse Assistant, Architect/Planner, Researcher, Scientist, Computer Technician, and Data Analyst*.

Future employment growth was projected to occur primarily in the health cluster, i.e. *Nutritionist, Medical Records Technician, Physician Assistant, Social Worker and Pharmacist*.

2) Education

Most of the job types listed above require vocational or educational training beyond the high school level, and many require education beyond a four-year college degree. In more than 60% of existing jobs reported, employees are required to achieve an education level of a bachelor's degree or higher, with the largest percent of employees at the bachelor's level.

However, there are exceptions. For example, within the ten most frequently reported job types, *Administrative Assistant* requires only a high school diploma and *Nurse Assistant* requires high school plus a technical certificate.

3) **Skills**

Across industry clusters the top three skill requirements were identified as critical thinking, industry specific knowledge, and customer service. While most people assume the “new economy” sectors require considerable hard skills, the survey results bring attention to the equally important need for soft skills.

4) **Training and Advancement**

The ability to obtain a job and then progress into higher-level positions is important for workforce retention and development. The survey suggests that employees in certain job types can receive employer-sponsored training, i.e. Administrative Assistant, Nurse Assistant and Data Analyst.

The report concluded the following: “The survey results reveal(ed) a need for higher education (a bachelor’s degree) especially in the IT and science clusters. While public education needs to continue its focus on transitioning students into higher educational institutions, educational professionals could also emphasize specific areas of study that coincide with the future demands of the labor market... Thus, coursework in the study of computer science (computer programming is a top skill in the science/ IT clusters) and science-based fields should be heavily emphasized and encouraged at the high school, associate and college levels” (p. 24). The next update of this labor market study will occur in 2004.

B. High School Vocational Education

Cambridge Rindge and Latin High School’s Rindge School of Technical Arts (RSTA) has made enormous strides toward placing students into vocational education training programs. RSTA offers opportunities for high school students to receive training in Automotive Repair Technology, Business Education, Carpentry, Culinary Arts, Computer Aided Drafting and Design, Computer Programming, Electronics Technology, Biotechnology and Scientific Discovery, Graphic Arts Technology, Medical Health Care Technology, and Pre-Engineering. These programs can be an invaluable resource to assist Cambridge students in getting entry-level jobs in some of the City’s more technically oriented businesses, and should continue to be promoted.

C. Underemployment

Despite the City’s high number of well-educated residents, 35% of adults over the age of 25 do not hold a bachelor’s degree; 10% do not have a high school or equivalent diploma. In addition, 10% of all households report that they speak English less than “very well.” Low education levels and/or limited English skills put these residents at high risk for underemployment.

Underemployment may mean that a worker’s hours and wages are too low to meet living expenses or that a worker is unable to find a job suited to his or her skill level and, therefore, must take a lower level position. Exacerbating the problem of underemployment is the fact that many residents with high school diplomas still lack the basic reading, math, communications, technology, and analytical skills required to secure higher-level jobs.

D. Employment and Training System

The importance of career exploration during or before the high-school level cannot be overemphasized. Internships, apprenticeships, and other types of on-the-job training opportunities enable youths to begin to understand the true nature of work and to begin career exploration. Internships help some companies identify early, those workers to whom they are willing to make a longer-term job commitment. Such a commitment may also include tuition assistance.

In recent years, federal employment policies have emphasized a “work-first” approach and have eliminated funding for long-term training and education. Therefore, many individuals who do not possess the skills or educational background to obtain jobs with a career path are locked into low-wage jobs with little opportunity for growth. Limited public dollars for skills training, as well as scheduling issues, prohibit many people who are in low-paying, low-level jobs from accessing available programs. Consequently, many individuals with the desire to increase their job opportunities by entering into training programs are stuck at the bottom rung of the employment ladder, unable to move into jobs that would offer them economic self-sufficiency.

The City’s Office of Workforce Development (OWD) coordinates access to employment and training services in order to improve residents’ skills and to help employers meet their hiring needs. OW D oversees the Cambridge Employment Program, a job search assistance program offering free services to any Cambridge resident, and works closely with Career Source, the local one-stop career center, which acts as a central access point for both jobseekers and employers looking for employees. Programs that provide technical training for jobs in growth industries, such as Just A Start’s Biomedical Careers Training Program, constitute one vehicle for raising residents’ skills and income potential. However, the 10.4% of the Cambridge population with less than a high school diploma and the 10% possessing limited English skills need Adult Basic Education (ABE) and English for Speakers of Other Languages (ESOL) classes before they can participate in skills-training programs or find jobs with decent wages. A shortage of both funding and space will make it difficult for the City to expand these classes and reduce the waiting lists. For those Cambridge residents who possess a high school diploma but lack the “new literacy” skills of critical thinking, problem solving, communication, and technology, part of the answer may lie in better access to developmental certificate and degree programs at community colleges.

The quality of education at the elementary and secondary school levels is a subject of concern. The number of Cambridge public school students has decreased markedly over the past several years, and efforts are currently underway to address the challenges facing the public schools. With many of the jobs of the future requiring youth to begin their training early, it is imperative that we engage students in an appropriately targeted curriculum that prepares them for this work.

E. Employer Partnerships

In close collaboration with the Office of Workforce Development, EDD continues encouraging collaborations among local non-profits, the school system and the Cambridge business community. EDD is also involved in workforce development projects such as the New Economy Taskforce, the Cambridge Health Care Career Advancement Program at the

Cambridge Health Alliance, Just A Start's Biomedical Training Program and continues to promote other discussions to encourage coordination and collaboration on workforce development issues. The City should continue to promote workplace education programs that improve both language and basic skills of incumbent workers and increase opportunities for skill development among the current workforce.

¹⁸ From MIT Facts 2003, on line at <http://www.mit.edu/facts>

¹⁹ 2001 Cambridge Town Gown Annual Report, Harvard Fact Book (online at <http://vpf-web.harvard.edu/factbook/>), and MIT Facts, on line at <http://www.mit.edu/facts/>

²⁰ Harvard University Office of Government, Community & Public Affairs

²¹ MIT Office of Government and Community Relations Website

²² Boston Globe, Venture Capital Report, May 12, 2003

²³ Mass Biotech Council, "Mass Biotech 2010"

²⁴ Science Magazine, Volume 300, June 20, 2003

²⁵ Richard Florida, "The Rise of the Creative Class" *How Do You Attract Creativity? It's Harder than You Think, Just Ask Boston, and San Francisco* from The Boston Globe Magazine, 6/23/2002.

²⁶ Mass Biotech Council, "Mass Biotech 2010"

²⁷ Boston Globe, 3/9/03.

COMMERCIAL DISTRICT DEVELOPMENT

Goal 1: Promote thriving commercial districts

Current Programs and Initiatives:

- Façade Improvement, Signage and Lighting, Best Retail Practices programs
- Support for business associations and organizations

Policy Recommendations:

- Continue Façade Improvement, Signage and Lighting, and Best Retail Practices programs; quantify program impacts
- Continue to encourage the development of Business Improvement Districts (BIDs) by interested property owners
- Map all retail districts, identify vacancies and recruit businesses that meet neighborhood needs
- Survey all businesses within commercial districts to determine issues, concerns and needs
- Encourage cross promotion of businesses within commercial districts

SMALL BUSINESSES ASSISTANCE

Goal 2: Cultivate a supportive environment for small, women and minority-owned businesses.

Current Programs and Initiatives:

- Minority and Women-owned Business Directory
- One-on-one Counseling and Technical Assistance to businesses for business planning, marketing, and strategies for access to capital
- Collaboration with and support of agencies sponsoring business planning workshops for new, emerging and growing small businesses.

Policy Recommendations:

- Continue to provide one-on-one support for small, minority and women-owned businesses by assisting with loan packaging, feasibility analysis, and business plan development



- Provide a broader range of information on capital resources
- Provide greater access to networking opportunities and help small businesses identify new markets
- Periodically survey small, minority and women-owned businesses to determine special needs

REAL ESTATE

Goal 3: Promote a real estate market that offers a diverse array of options for the development and leasing of business properties of different sizes use categories.

Current Programs and Initiatives:

- Development Log for large developments
- Monitoring of changes and trends in vacancies and providing information regarding the Cambridge real estate market to brokers, investors, and developers

Policy Recommendations:

- Continue to update database of available commercial space and disseminate to interested parties
- Promote diversification of local businesses to mitigate the effects of economic downturns

WORKFORCE DEVELOPMENT

Goal 4: Support efforts to sustain a diverse array of employment opportunities accessible to Cambridge workforce

Current Programs and Initiatives:

- CDD/EDD labor market study, *Education and Skills for the New Economy: 2001: A Survey of Employment Trends in Cambridge, Massachusetts*
- Collaboration with Office of Workforce Development (OWD) and other stakeholders to explore new job training initiatives
- Support for Neighborhood Revitalization Strategy area residents' participation in economic empowerment programs such as Just a Start's Biomedical Careers Training Program and the Cambridge Health Alliance's Cambridge Health Care Career Advancement Program

Policy Recommendations:

- Encourage collaborations among community stakeholders to develop programs for preparing Cambridge residents for "new economy" jobs as well as traditional jobs, with particular emphasis on youths and the immigrant population
- Support and encourage wider participation from non-profits in job-training and business start-up initiatives
- Update the labor market study on a periodic basis to review employer needs for skilled workers
- Encourage greater corporate participation in elementary and secondary school curriculum development

MARKETING CAMBRIDGE

Goal 5: Market Cambridge as a location for business

Current Programs and Initiatives:

- Maintaining real estate information relevant to local businesses
- Maintaining current market condition data
- Development and distribution of brochures to market economic development programs

Policy Recommendations:

- Partner with Cambridge Chamber of Commerce and universities to develop a multi-media presentation for businesses currently located outside of the City
- Meet with companies that are considering a move to Cambridge to describe the City's advantages
- Collaborate with the City's Office for Tourism to quantify and promote the impact of increased tourism in Cambridge

BUSINESS CLIMATE

Goal 6: Maintain a supportive business climate

Current Programs and Initiatives:

- Step-by-step guides for most frequently requested permits, licenses, and business start-up information
- Way-finding map to City departments to facilitate permit and licensing process for applicants
- Work with interdepartmental permitting and licensing committee to streamline regulatory processes
- Contact with new businesses regarding economic development services available through the City
- CEO visitation program to increase communication with the business community, promote economic development and encourage corporate citizenship

Policy Recommendations:

- Continue to review and update step-by-step guides, way-finding, licensing and permitting information as needed

SECTION SEVEN

Summary of New Policy Themes

The Cambridge economy has shifted from manufacturing to a knowledge-based economy. In the past decade, the focus of the economy has become more technical. While computer related companies grew rapidly in the 1990s, biotech and pharmaceutical companies now are the largest employers, building on Cambridge's proximity to MIT and Harvard University, as well as to nearby medical institutions. These biotechnology companies have taken up some of the surplus office capacity in the City, but, more importantly, have increased the demand for highly skilled workers, many of whom want to live in the City. While large companies have located in the City's development districts, such as Kendall Square, the commercial districts, such as Central Square, Harvard Square and Porter Square continue to support, and be supported by, vibrant residential neighborhoods. Given this background, several new policy themes have emerged to supplement the economic development policies that were developed in 1997:

- **Build on a knowledge-based economy**

The biotech and high tech industries are integral to the Cambridge economy. The City has many advantages as a location for business including a diverse community, an educated workforce, cultural and entertainment amenities, proximity to Boston and Logan Airport, and comparatively low tax rates. Located near educational and medical institutions, the City is particularly well suited as a research and development hub. Recognizing that Cambridge is part of the global competition to attract and retain companies, **the City should continue to seek opportunities for business growth by working with the Cambridge Chamber of Commerce, business community, educational institutions and regional planning groups to promote the advantages of the City.**

- **Prepare residents to take part in that economy**

Elementary and secondary school students are vital to the Cambridge labor force. **Emphasis should be placed on education, especially science education, and job preparation for students to obtain jobs in Cambridge and elsewhere. Likewise, greater emphasis should be placed on job training for the City's immigrant population, which has increased significantly over the past ten years.**



It is important that Cambridge residents are aware of and prepared for jobs in the “new economy”. In order to provide appropriate opportunities for the City’s diverse workforce, **it is critical that collaborations exist between the public school system, higher education, businesses, non-profits, and other key entities in order to meet the requirements of jobs of the future.**

- ***Maintain what is successful about Cambridge***

Tourism is a vital part of the Cambridge economy, creating jobs within many business sectors. The diversity of the City’s population is reflected in its neighborhoods and in its commercial districts, which include many small, unique businesses. Furthermore, the City invests heavily in its roadway and parkland infrastructure to enhance these areas. **The City of Cambridge should continue to work with the Office for Tourism to promote tourism as an economic development strategy and should continue to provide the City services and infrastructure that support tourism.**

- ***Maintain an open dialogue with all components of the community***

The City government, business community, universities, and residents are all part of what makes the Cambridge economy successful. The cooperative spirit among these groups should be maintained in order for the City to continue to attract and retain large and small businesses. Active public involvement in the development process is one of the City’s unique features. The dialogue that results can only help Cambridge be a stronger and more vibrant community enhancing both its businesses and residential neighborhoods.



APPENDIX *Additional City of Cambridge Demographic & Fiscal Information*

Table 1: Selected Income Statistics, 1990 vs. 2000

Location	Median Family Income	Median Household Income	Per Capita Income
2000			
Cambridge	\$ 59,423	\$ 47,979	\$ 31,156
Massachusetts	\$ 61,664	\$ 50,502	\$ 25,952
Nation	\$ 50,046	\$ 41,994	\$ 21,587
1990			
Cambridge	\$ 39,990	\$ 33,140	\$ 19,879
Massachusetts	\$ 44,367	\$ 36,952	\$ 17,224
Nation	\$ 35,225	\$ 30,056	\$ 14,420
Percentage ±			
Cambridge	33%	31%	36%
Massachusetts	28%	27%	34%
Nation	30%	28%	33%

Source: US Census Bureau

Table 2: Racial Composition (2000 Census Methodology)

Race - Alone	1980	1990	2000
One race	—	—	96,734
White	78,460	72,122	69,022
Black or African American	10,418	12,930	12,079
American Indian and Alaska Native	184	288	290
Asian	3,612	8,081	12,036
Native Hawaiian & Other Pacific Islander	—	—	77
Some other race	2,648	2,381	3,230
Two or more races	—	—	4,621

Source: US Census Bureau, http://www.cambridgema.gov/~CDD/data/demo/80-00_sf1profilecomp.html

Table 3: Housing Affordability

Year	HUD Median Income	Single Family		Condominium	
		Median Price	Needed Income	Median Price	Needed Income
1990	\$46,300	\$240,000	\$66,740	\$168,300	\$48,660
1995	\$53,100	\$275,250	\$74,740	\$159,000	\$49,830
2000	\$65,500	\$525,000	\$132,900	\$302,500	\$84,010

The HUD Median Income figures are estimated for Boston MA-NH MSA. Income required assumes 10% down, 6% interest, 30 year financing, no PMI and includes property taxes.



Table 4: Language

	1990	2000
Other Language	26.2%	31.2%
Poor English Skills	4.2%	3.8%
Spanish	4,741	6,619
French, incl. Creole	4,150	4,994
Portuguese	3,619	2,863
Chinese	2,960	3,604

Source: US Census Bureau

Table 5: Employment by Sector, Calendar Year 2002

Private Sector	2002 Average 2000 Total	Percent of Total Employment
Construction	4,216	4.0
Manufacturing	5,008	4.7
Trade, Transportation & Utilities	10,440	9.9
Information	5,120	4.8
Financial Activities	2,706	2.6
Professional & Business Services	24,419	23.1
Education & Health Services	34,165	32.3
Leisure & Hospitality	8,948	8.5
Other Services	2,219	2.1
Unspecified	35	0.0
Total Private Sector	97,276	92.1
Total Public Sector	8,386	7.9
TOTAL	105,662	100.0%

Source: Massachusetts Division of Employment and Training

Table 6: Patents, Licenses & Options Granted by Harvard & MIT, 1997-2001

	US Patents Issued		Licenses & Options Granted	
	Harvard	MIT	Harvard	MIT
1997	39	130	67	166
1998	42	119	43	306
1999	70	143	54	225
2000	55	150	78	171
2001	37	160	94	192

Sources: Harvard Office for Technology & Trademark Licensing, MIT Technology Licensing Office

Chart A: Median Sale Prices of Single Family, Multi-Family, & Condominiums, 1990-2000

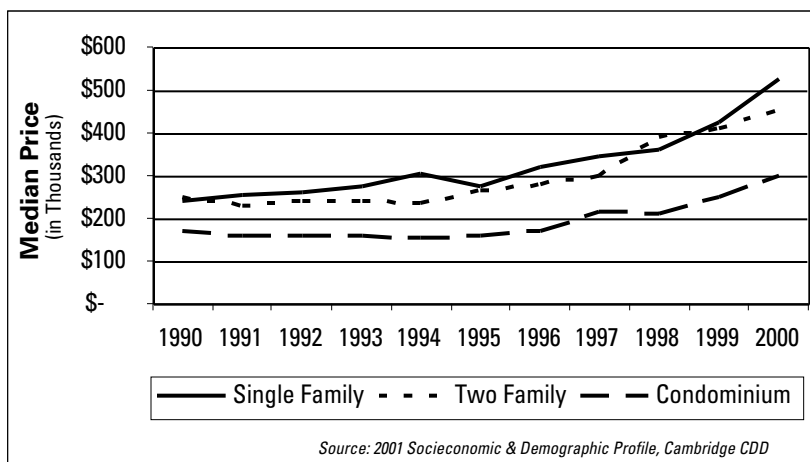


Chart B: Housing Cost Rental 1990 - 2000

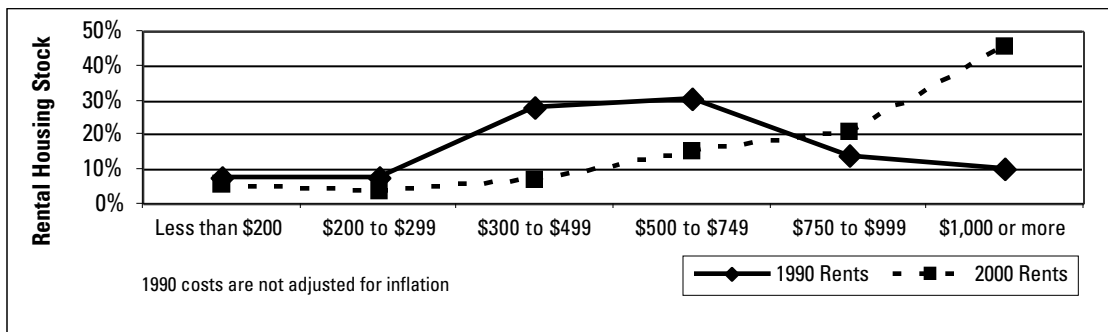


Chart C: Property Tax Levy by Class

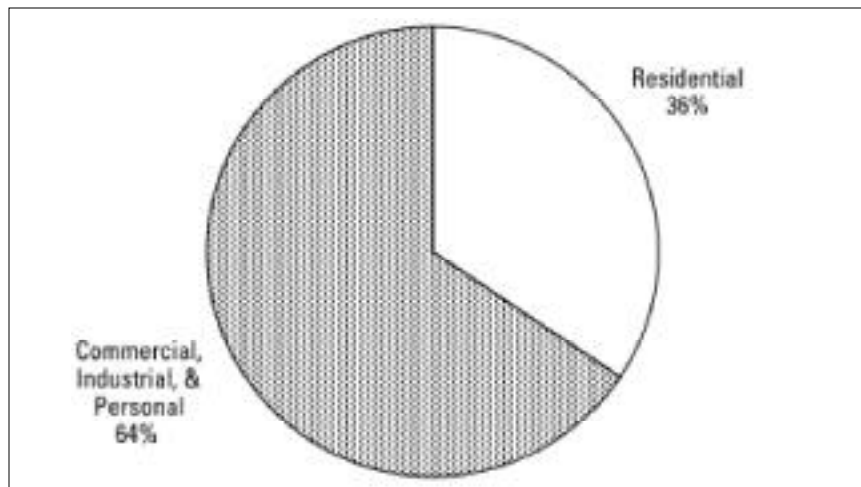


Chart D: City Revenue Sources

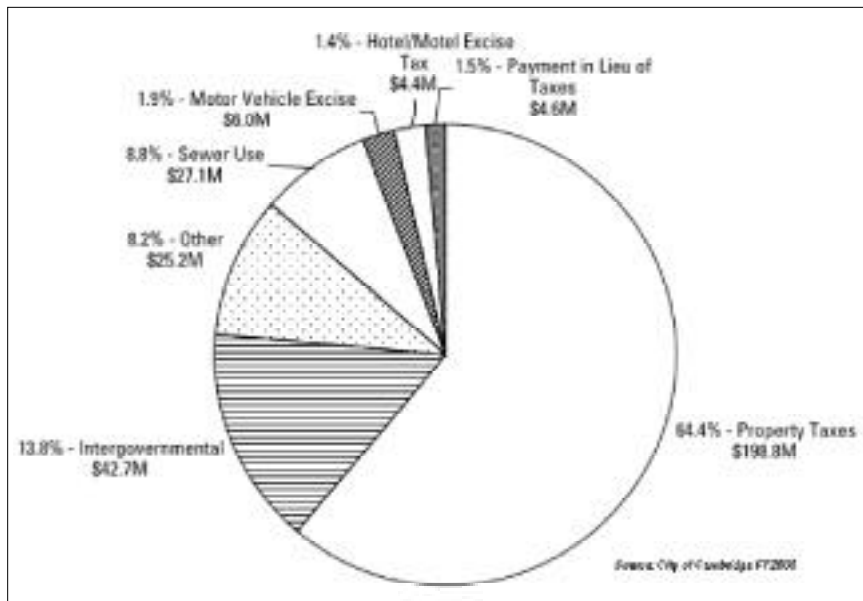


Chart E: Engineering & Management Services, 1990-2001

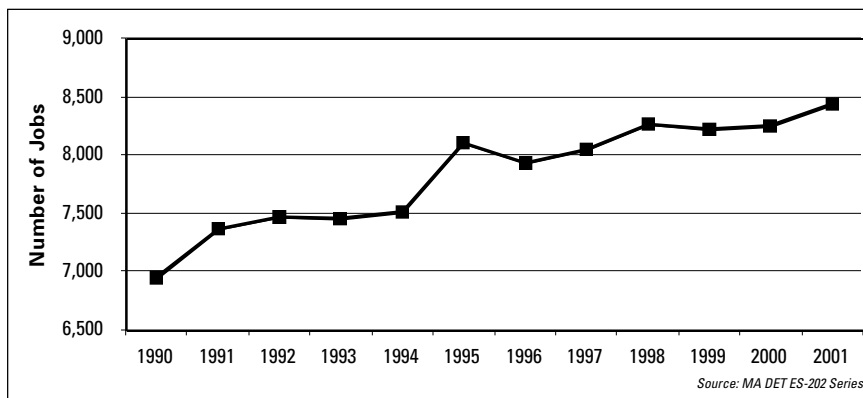
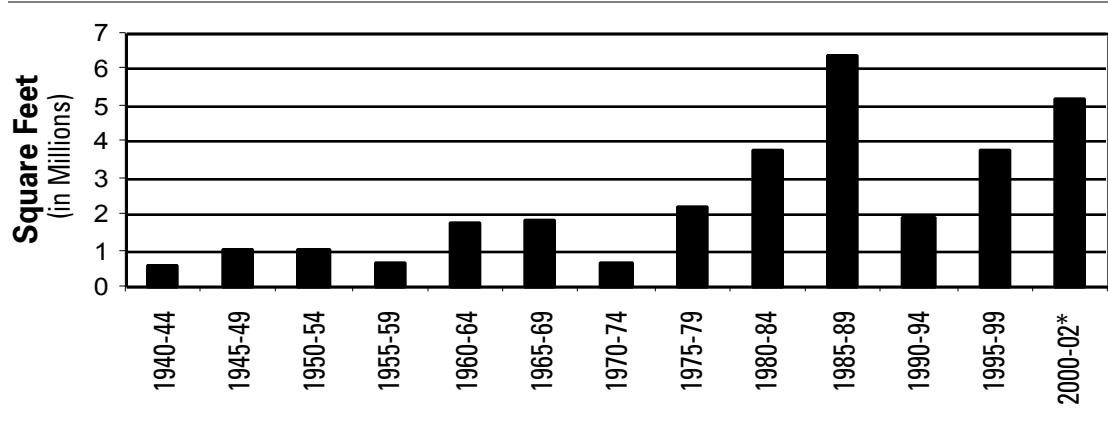
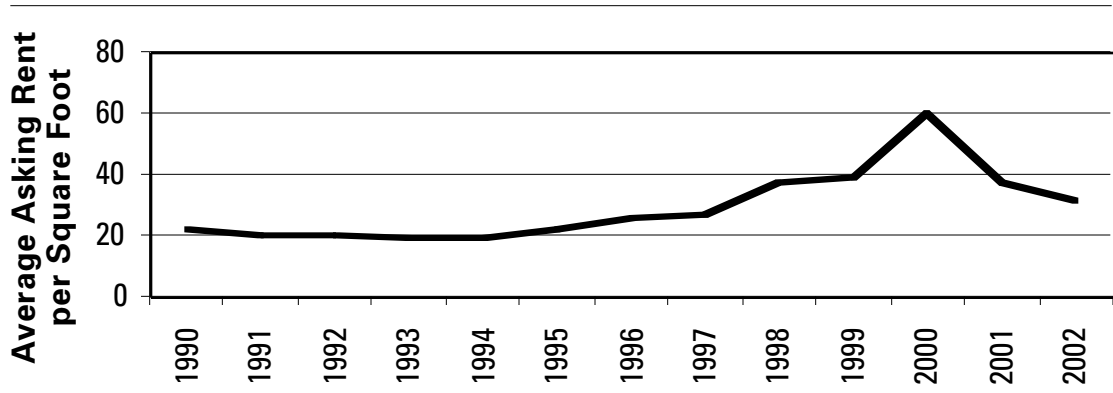


Chart F: Commercial Development since 1940



Source: 2001 Cambridge Socioeconomic & Demographic Profile

Chart G: Average Rent for Commercial Space, 1990-2002



Source: CB Richard Ellis

APPENDIX **B** *Commercial Districts*

From Central Square's Caribbean Carnival to Harvard Square's rich architectural heritage, Cambridge's six commercial squares and corridors reflect the diversity and rich layering of uses that define Cambridge's unique appeal. While each commercial district presents a different character and cluster of activities, common elements can also be defined and are discussed below.²⁸

- ***Convenience Shopping***

Neighborhood commercial districts serve as a shopping place for surrounding residential neighborhoods and workers from the district. The proximity to residents gives these districts an edge in providing goods and services of the sort that people buy on short shopping trips: hardware, haircuts, drugs and beauty aids, convenience foods, and specialized clothing. These uses are well suited to the small floor plates common to the older buildings found in many of these districts. Owners of the businesses providing these goods and services have historically been small proprietors, but the increasing influence of chain retailers can be seen in each district.

- ***Destination Shopping***

Destination shopping generally involves trips planned with the intention of purchasing the more expensive or specialty goods and services that are typically found in chain stores located in regional malls. Several of Cambridge's commercial districts offer a beneficial mix of specialty destination retailers.

- ***Culture and Entertainment***

Local residents, visitors, and people working in commercial districts all enjoy the eclectic mix of restaurants, cafes, clubs, and theaters found in Cambridge's commercial districts. The extent to which the market for culture and entertainment is driven by neighborhood patrons versus patrons from outside the neighborhood varies significantly among districts. Harvard Square serves patrons from around the globe, while Cambridge Street is dominated by local users, and Central Square involves a mix of local and non-local users. The lively streets created by evening uses are an important deterrent to crime.



- **Employment.**

Each district provides employment, not only to workers in the retail businesses, but also to people who work in the offices that are located in the upper floors of the buildings. Office employment supports the market for retail uses and for evening culture and entertainment uses.

- **Housing.**

Cambridge's commercial districts vary in the extent to which housing is available directly in the district. Cambridge Street's predominant pattern combines retail and housing in its multi-story buildings. Central Square retains some of this pattern, and other districts have more limited housing opportunities, generally in buildings separate from retailers.²⁹ Housing is now permitted in all areas of the City as a result of City-wide zoning changes made in 2001.

Cambridge's compact geography and population density allows the City's vibrant commercial districts to offer a healthy retail mix which serves the range of needs expressed by residents and visitors. The physical layout of the older districts, which have many small storefronts, runs counter to modern trends in retailing. Modern retailing competes based on volume and requires floorplates of 30,000-70,000 square feet. The suburban shopping malls that ring the City draw off the market for soft goods of the type carried by major retail chains. "Big box" retailers compete because of low prices and high volume, further reducing the market draw of older commercial districts. Changes in health care reimbursement threaten the survival of small independent pharmacies that cannot negotiate favorably priced contracts with health care insurers. Independent bookstores are also being challenged by large chains.³⁰ Careful business "positioning" and good customer service are good tools for meeting these challenges.

Each commercial district must strike a balance between businesses and activities primarily serving the local neighborhood and those serving a regional market. Activities serving a broader market lend diversity and strength to a retail district, but may inflate rents, making it harder for locally-owned "Mom and Pop's" to find affordable space. While the customers attracted to a regional destination lend vitality to the streets, they also bring noise, litter, traffic congestion, and increase competition for parking spaces. Each district must define the balance that best suits its needs.³¹ The existing commercial districts are 1- Fresh Pond in Concord-Alewife, 2- Harvard Square, 3- Porter Square - North Mass Ave Corridor, 4- Central Square, 5- Inman Square - Cambridge Street Corridor, and 6- Kendall Square in East Cambridge.

1- Fresh Pond in Concord-Alewife

The Fresh Pond commercial district serves both neighborhood residents of western Cambridge and commuters driving through the district to destinations outside Cambridge. Recent roadway enhancements have improved pedestrian and bicycle circulation and provided landscape and urban design amenities. A significant portion of the Fresh Pond commercial district is within the Concord/Alewife Planning Study area which will develop zoning and non-zoning recommendations through a participatory process with the Concord-Alewife Planning Study Committee.³⁴

2- Harvard Square

Harvard Square thrives on a unique blend of retail, entertainment, and cultural attractions that are rooted in history, academia, and the arts. Harvard Square's mix of historical atmosphere and avant-garde trendiness attracts residents, business people, and visitors from around the world.

With 900,000 square feet of retail space, Harvard Square functions as a regional shopping mall in an urban context.³⁵ Currently the Harvard Square Design Committee, appointed by the City Manager, is developing design recommendations to enhance pedestrian, bicycle and vehicle traffic patterns, while maintaining the historic retail and neighborhood charm that has defined "Old Cambridge".

3- Porter Square/North Massachusetts Avenue Corridor

The Porter Square area serves both a local and regional market. North Mass. Ave., like Cambridge Street, is characterized by both retail and residential uses, with its own unique feel. The Best Retail Practices and Façade Improvement programs, which provide both technical and financial assistance, continue to help businesses and commercial property owners with exterior and interior design issues. Streetscape enhancements, including a new plaza, additional crosswalks, landscaping, bicycle lanes, and roadway resurfacing, will be constructed in conjunction with a sewer and storm water improvement project in Porter Square. These projects will improve traffic circulation and conditions for pedestrians, bicyclists, transit-users and commuters.³⁷

4- Central Square

Traditionally the City's downtown retail district, Central Square has undergone a major revitalization effort. The Central Square revitalization process culminated with the redesign of Massachusetts Avenue and \$4 million in capital improvements to improve the streetscape and create a more pedestrian friendly environment. Central Square has over 290,000 square feet of retail and restaurant space. Strategies for enhancing the "appealing mix of merchants and improving the shopping experience" are outlined in the *Central Square Commercial Market Study* conducted by EDD in February 2000.³² CDD staff members continue to work with Central Square businesses and neighbors to monitor vacant space, update the retail mix, and implement the *Commercial Market Study* recommendations.³³

In addition, the planned reconstruction of Massachusetts Avenue/Lafayette Square, scheduled to begin in spring 2004, will create a welcoming gateway to Central Square with a new pedestrian plaza and crosswalks, sidewalks, bicycle facilities, lighting and landscaping.

5- Inman Square/Cambridge Street Corridor

Cambridge Street successfully combines ground floor retail uses with housing, providing a mix that lends a strong neighborhood feeling to the district. Changing trends in retailing indicate a need to explore new strategies to protect the unique local business environment. The Best Retail Practices and Façade Improvement programs help businesses address key physical and operation issues to enhance their position in the current retail mix. In addition, streetscape improvements - including construction of roadway, sidewalk, lighting and open space enhancements on Cambridge Street from Lechmere Square to Inman Square--are underway and scheduled for completion in 2004.³⁶

6- Kendall Square/East Cambridge

In addition to being one of the city's major development districts, Kendall Square also contains a retail district. The restaurants, hotels, shops and banking institutions serve many of the consumer needs of MIT, the concentration of employees who work at the research and development organizations within Kendall Square, and neighboring communities such as Technology Square and Cambridge Research Park.

Adjacent to Kendall Square is the CambridgeSide Galleria, a regional mall encompassing approximately 1 million square feet of retail space. The mall was originally envisioned in the city's East Cambridge Riverfront Plan. The Plan, which received many awards for its long-term vision and implementation process, has revitalized the Lechmere Canal area and enlivened East Cambridge. Concerns about encroaching development and traffic congestion led to a comprehensive planning study that was completed in 2001. The Eastern Cambridge Planning Study (ECaPS) recommendations included rezoning the study area and developing land use and transportation patterns that improve the quality of life in residential neighborhoods and foster vibrant mixed-use development districts. Those recommendations were adopted in October 2001.

²⁸ 1997 Economic Development Policy

²⁹ 1997 Economic Development Policy

³⁰ 1997 Economic Development Policy

³¹ 1997 Economic Development Policy

³² Y2000 Central Square Commercial Market Study

³³ Economic Development Website

³⁴ Community Planning Website

³⁵ Economic Development Website

³⁶ Economic Development Website

³⁷ Economic Development Website

APPENDIX *C* *Development Districts*

Cambridge's five development districts are major employment centers, offering a mix of office, research and development, and manufacturing space to high and low technology companies. The five Development Districts in Cambridge are: Concord/Alewife, Lower Cambridgeport, University Park, Kendall Square, and North Point.

Most of the new commercial real estate parcels under development are located in these districts. The development sites remaining in the five districts require careful management to ensure that future build-out maximizes the City's economic development goals while maintaining or improving the quality of life in residential neighborhoods adjacent to the development areas. The generic issues facing these districts include:

- **Employment Mix:** Financial returns, which cause developers to favor high-density office development, must be weighed against the goal of diversifying the job base.
- **Older Industrial Buildings:** These buildings are an invaluable resource for emerging technology companies. Relatively low rents (compared to office buildings) and the physical characteristics which enable companies to install specialized ventilating systems, clean rooms and fume hoods enable emerging technology companies to retrofit industrial buildings at a fraction of the cost of building new space.
- **Traffic and Parking:** Close proximity to residential neighborhoods requires that traffic patterns in development districts be carefully designed to mitigate impacts on residents.

Concord/Alewife

The Concord Alewife area is made up of a number of different sub-districts with a mixture of older industrial buildings, modern office buildings, and some retail uses. The Alewife area along Route 2 contains 550,000 square feet of office /R&D uses, most of which are located within the former Arthur D. Little site. The Triangle area along Cambridge Park Drive contains 1.7 million square feet of office /R&D spaces, as well as 311 units of newly constructed housing adjacent to the Alewife MBTA Station. The Quadrangle, with 2 million square feet of existing development, has a mixture of industrial companies, service and medical uses, and emerging technology companies located there. Along



the east side of Alewife Brook Parkway is the Fresh Pond Shopping Center and on the west are a number of retail and commercial establishments. The Concord Alewife area is the last large area of Cambridge with significant development potential and is now the focus of the Concord Alewife Planning Study which is scheduled for completion in spring 2004.³⁸

Lower Cambridgeport

The growth of emerging technology companies has brought new life to older industrial buildings in this district. Biotechnology companies, process development firms, and computer integration consultants all enrich the area job base. Major renovations along Memorial Drive have brought older industrial buildings back into use as corporate headquarters.

University Park

University Park, a mixed-use development on 27 acres of land owned by MIT and developed by Forest City Development, has added 1.7 million square feet of office and commercial/retail space, along with 278 residential units and 210 hotel rooms to the City.³⁹ Approximately 250 additional housing units have recently been permitted for the last two buildings in the final development of the district.

The NECCO factory renovation is an adaptive re-use project that will convert 500,000 square feet of this historic structure into office and laboratory space for Novartis. This project also includes the construction of a central courtyard, 10,000 square feet of retail/office storefront space and a parking facility.

Kendall Square/Cambridge Research Park/Technology Square

The Kendall Square area, which is a locus for technology, R & D, and life science activity, includes Cambridge Center, a 24-acre site administered by the Cambridge Redevelopment Authority, One Kendall Square, Technology Square (owned by MIT), and Cambridge Research Park (currently under development). Redevelopment of this former industrial/manufacturing area for new uses began in the 1960s and 70s, and is ongoing with City policies in place to support sensitive transitions to the surrounding neighborhoods.

Located at the center of Kendall Square, Cambridge Center is a mixed-use project, incorporating 2.7 million square feet of development in 20 buildings to provide a wide range of complementary uses including first class office space, R & D/laboratory facilities, and a 221-room extended stay hotel. Technology Square, located off Main Street, consists of eight buildings surrounding a central plaza, providing 1.6 million square feet of office/commercial space. One Kendall Square, a multi-building complex built for manufacturing in 1914, was redeveloped during the 1980s for office, research and development, and retail/restaurant use. A 250,000 square foot building for Amgen Inc. was recently added to this complex. Draper Labs has also received permits for a 150,000 square foot addition.

Cambridge Research Park, a mixed use project under development by Lyme Properties, covers 10 acres and is permitted to include seven buildings with over 725,000 square feet of office/lab space; 322,000 square feet of housing; a hotel; a performing arts complex; 50,000 square feet of shops, cafes, and restaurants, and 2.5 acres of open space to include a seasonal skating rink.

North Point

The North Point District in eastern Cambridge has been undergoing substantive physical changes over the last decade, and with parkland, residential, and commercial uses currently under development promises to become a vital component of the City's future. The North Point Land Company was recently permitted to redevelop the largest part of the district with a mixed-use project encompassing over 45 acres in Cambridge, Boston, and Somerville. Present plans call for the construction of a street and infrastructure network north of Monsignor O'Brien Highway and west of the Gilmore Bridge, and development of a new community, which in Cambridge will include between 2400 to 2700 units of housing and 1.8 million square feet of Office/R&D space (including up to 150,000 square feet of retail). The focal point of the project will be a new 5.5 acre park, designed to accommodate different levels of activity and to connect with nearby residential, commercial, and recreational uses. The planned relocation of the Lechmere MBTA Station, as part of the North Point Land Company project, will allow for additional development of approximately 90,000 square feet at Lechmere (currently planned as hotel space).

The Charles E. Smith residential development, on an adjacent 5.7-acre site, will add 767 units of housing to the area. These new projects will have easy access to public transportation, thus creating a lively streetscape for residents and workers in the area.

³⁸ CDD Community Planning Website

³⁹ Forest City Enterprises Website

APPENDIX D *Business Incubators*

Business incubators are business assistance programs targeted to support start-up and fledgling entrepreneurial firms, helping them to survive and grow during the period when they are the most vulnerable. Incubators are proven tools for encouraging technology transfer, revitalizing communities, and creating new jobs. They offer business clients a menu of services that can include financial and professional assistance such as: flexible space and leases; relationships with financial institutions; orchestrated exposure to a network of business and technical consultants, often providing legal, accounting, engineering and design advice; access to university resources; and new business opportunities through strategic partnerships with incubator clients.

The City of Cambridge currently has seven-business incubators:

-
- | | |
|-----------------------|--|
| 1. Name | Green Works, Inc. |
| Address | 160 Second Street, Cambridge, MA 02141 |
| Rental Contact | Carol Montgomery , 617.492.4118
cmontgomery@gravestarc.com |
| Description | Incubator for environmental, office, and general business. |
-
- | | |
|-----------------------|--|
| 2. Name | Cambridge Innovation Center |
| Address | One Broadway, 14 th Floor,
Cambridge, MA 02142
www.cictr.com |
| Rental Contact | Tim Rowe , 617.758.4100
rowe@cictr.com |
| Description | Flexible office facility for growing technology companies and venture capitalists. No minimum stay and no startup costs; charge by the person. |
-



-
3. **Name** 432 Columbia Street, Cambridge, MA 02139
Rental Contact **Geoff Smythe**, 617.241.9384
Description General business. Air-conditioned, carpeted, predominately basement/warehouse type space, no windows, between 200 sq feet & 5,000 sq feet.
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4. **Name** University Place
Address 124 Mount Auburn Street, Suite 200 North, Cambridge, MA 02138
Rental Contact **Patricia Welchel**, General Manager, Harvard Sq Office
617.547.0222
patricia.welchel@hq.com
Description High tech, general business. Flexible turnkey office solutions.
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5. **Name** The Marketplace at Porter Square
Address Porter Square Shopping Center
(corner of White Street. and Somerville Avenue)
Rental Contact **Maria Hanlon**, 617.492.4118
mhanlon@gravestarc.com
Description Incubator containing three retailers.
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6. **Name** The Office @ Kendall Square
Address One Broadway, Suite 600, Cambridge, MA 02142
www.KendallSq.com
Rental Contact **Brenda Ellis Morris**, 617.577.1200
info@KendallSq.com
Description Office space available for professionals and general business start-ups.
Caters to small 1-2 person businesses, all amenities included, 24 hr access and security.
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7. **Name** HQ Cambridge
Address 245 First Street, Suite 1800, Cambridge, MA 02142
Rental Contact **Laurie Snelson**, 617.444.8409
laurie.snelson@hq.com
Description General business, high tech. Furnished office space, charge per workstation, all amenities available, fee charged for each individual service.
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8. Name	Hi Tech Ventures
Address	18 Hurley Street, Cambridge, MA 02141
Rental Contact	Ed Takacs, 617.520.2111 main@htventures.com incubator@htventures.com
Description	Office space available offering administrative support services, computer networks, placement, access to funding sources and expert advisors.



Community Development Department

City Hall Annex, 344 Broadway, Cambridge, Massachusetts 02139

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