



CAMBRIDGE
Community Foundation



March 2017 Report

Boomtown/Hometown

What the numbers say about income, housing
and education in Cambridge today



About Cambridge Community Foundation

Cambridge Community Foundation is committed to the power of philanthropy and civic leadership. Sparked into existence by a visionary gift in 1916, this public charity, the only foundation with all of Cambridge in its purview, has grown through the generosity of donors who seek to make a difference in people's lives.

In return the Foundation has developed as a grantmaker, providing well over \$1 million annually to nonprofit organizations serving the people of Cambridge. In addition, it has expanded through the years as a civic leader, a convener and a catalyst for change.

In all it does, the Foundation seeks to connect people, knowledge and resources to realize a vibrant, diverse and inclusive Cambridge with a culture of giving and opportunity for all.

As a civic leader and as a grantmaker, the Foundation seeks to nurture strong families through programs that support early childhood and promote ideas of equality, and to honor the arts and the spirit of innovation they fuel.

The Possible Project works to resolve the opportunity gap by preparing students to succeed in the 21st century innovation economy. The Cambridge-based organization taps the power of entrepreneurship to inspire students to achieve, using mentors and a focus on meaningful employment and fulfilling careers. (Photo provided by The Possible Project)

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What the numbers say about income, housing
and education in Cambridge today

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Design, One Visual Mind

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Preface



Photo provided by Agenda for Children

Cambridge's Agenda For Children weaves adults who work with young people in Cambridge into a literal network of caregivers.

The city of Cambridge has arrived at a critical moment in its long and celebrated history. The community we value—for its richness and variety, its commitment to the life of the mind, its compassionate and egalitarian political vision, and its spirit of openness—faces new challenges.

Like many cities, Cambridge today is experiencing developments that are transforming the way Americans work and live. A recent Brookings Institution report describes the “rise of urban innovation hubs,” the result of profound economic and demographic forces that thrive on the “proximity and density” that cities have historically offered. It is in such environments that new ideas are generated, exchanged, altered and transformed into new products and new ways of thinking. What is new is that people are not only working but living in and around these hubs, as “the growing preference of young talented workers to congregate in vibrant neighborhoods that offer choices in housing, transportation and amenities has made urban and urbanizing areas increasingly attractive.”¹

These trends pulsate through our city's physical and economic infrastructure as old neighborhoods take on new identities and change the face of the city. Cambridge is one of the hot spots of the nation's innovation economy, and like other hubs of innovation across the river and around the country, its popularity and appeal contribute to rising rents and housing prices. Long-time Cambridge residents wonder if the children they raised here can afford to stay as adults. What does this mean for our community?

Cambridge is a racially, ethnically and economically diverse city—full of students, young working people, working-class families, entrepreneurs, inventors, technology experts, college professors, researchers, artists, writers, small business owners, immigrants, CEOs of major corporations, and social activists—a lively mix that yields a unique cultural environment. As our city's booming economy creates new wealth and exacerbates existing social distances between members of the community,

¹ Bruce Katz and Julie Wagner, *The Rise of Innovation Districts: A New Geography of Innovation in America* (Washington, D.C.: Metropolitan Policy Program, Brookings Institution, 2014).

will this rich combination of backgrounds and perspectives survive? Will Cambridge continue to be the vital and interesting place valued by so many members of its community? Will it remain a city known for its compassion and its commitment to diversity? Or will Cambridge become a city that is less varied, less vital, less special?

Cambridge must answer these questions.

We are convinced at the Cambridge Community Foundation that the future is not a set of inevitabilities but a set of decisions, of choices made by thoughtful individuals. It is our belief that, with its economic resources, its intellectual capacity, its compassion, and its historic concern with the human individual, Cambridge can find ways to tackle the increasing inequality and inequities—the downside of a brilliantly successful economic upside—and develop new ways to share the prosperity of the present moment among all members of our community.

For a century the Cambridge Community Foundation, which includes in its purview the well-being of the entire city, has quietly supported those most in need through thousands of grants to nonprofit organizations providing assistance for young children, youth, seniors, and those struggling with homelessness, hunger and food security, while also supplying nourishment for the city's arts and culture. Through its work with so many organizations so close to the pulse of the community, the Foundation has gained a citywide perspective that can be of value in dealing with today's problems.

That is why we now call together Cambridge leaders, thinkers, community-based organizations, and concerned individuals to take a hard look at where we are today and how we got here, to share our insights and our experience, and to think together about how we can shape a future that matches our traditions, our ideals and our hopes.

Today's booming economy is changing Cambridge. Will the city find creative ways to share its new prosperity among all members of the community? Will Cambridge remain a city known for compassion, openness and diversity?

This report represents a snapshot of specific aspects of our city at the present time: aspects that reflect our strengths, our challenges, and the reasons we need to act now if we are to move in the direction of our dreams. It establishes an initial set of indicators that define our current status and can help us to shape our future.

Cambridge is at an inflection point, a moment when the energy driving our economy toward greater heights is in full swing—and when the bonds that unite our community are being stretched. We must act, and act now. We ask you to join a conversation that will guide our future; we offer this report as a foundation for reflection and reaction.

CHAPTER ONE:

Twenty Thousand Cups of Coffee

Once known for mills, museums and transcendentalism, Massachusetts today is famed for its rapidly growing and hugely successful innovation economy. The state has become one of the principal places on earth where the future is being imagined, researched, developed and exported. A Bloomberg survey in 2016 ranked the state's innovation economy as number one nationwide.²

At the epicenter of this economic explosion is the historic city of Cambridge. Just over six square miles in size (compared to Boston's 48 square miles), and with a population of 108,000,³ Cambridge is the state's fifth most populous city.⁴ Yet this comparatively small city generates more than 116,000 jobs⁵ and draws tens of thousands of people a day to work in booming Kendall Square. This former industrial area is now home to gleaming buildings sporting signage announcing the presence of Biogen, Novartis, Google, Microsoft and other giants of the new era.

Two of the top 20 zip codes in the United States for venture capital investment are Cambridge's own 02139 and 02142. Together these small sections of the city reaped \$697 million in venture capital in 2013, with a significant portion targeted to the biotechnology industry.⁶

Cambridge is now home to an array of incubators, accelerators and co-working centers designed to propel advanced American technology around the world and into the future. New enterprises like The Engine, LabCentral and the Cambridge Innovation Center (CIC Cambridge) provide funding, space, expertise and other resources that help start-ups get under way. Excitement, success and dynamism shout from the companies' websites. To cite just one example: CIC Cambridge claims "more than 1,000 companies in 50,000 square meters of premium office and co-working

space," and "more startups than anywhere else on the planet." CIC alone hosts 7,368 meetings—and provides 20,026 cups of coffee—a month. Companies originally based at CIC have raised \$2.7 billion in venture capital.⁷

Biogen, Novartis, Google, Microsoft and other giants of the modern era are now part of the city's booming economy—which continues to expand. Two of the nation's top 20 zip codes for venture capital investment are in Cambridge.

Cambridge's contemporary success is a product of the city's history of learning, openness and innovation, but also of its agility in building new economies on the ashes of old ones. The neighborhood that now produces information technology was home for much of the 19th century to the world's largest glassworks, producing the elaborate cut-glass bowls and vases once bestowed upon new brides, as well as for the manufacture of Fig Newtons and some of the most popular candy of the last hundred years. The Novartis Institutes for Biomedical Research today occupy the 1928 building that once rolled out multi-colored NECCO wafers by the tens of thousands.

² Michelle Jamrisko and Wei Lu, "Here are The Most Innovative States in America," *Bloomberg Markets*, January 7, 2016.

³ U.S. Census Bureau, American Community Survey, 2011-2015 Five-Year Estimates.

⁴ "Analysis of U.S. Census Bureau's 2015 MCD-Level Population Estimates," MassBenchmarks, published May 5, 2017, <http://www.massbenchmarks.org/statedata/news.htm>.

⁵ MAPC analysis of Executive Office of Labor and Workforce Development data, 2015.

⁶ Richard Florida and Karen King, *Rise of The Urban Startup Neighborhood: Mapping Micro-Clusters of Venture Capital-Backed Startups* (Toronto, Ontario: Martin Prosperity Institute, 2016).

⁷ Cambridge Innovation Center, website, <http://www.cic.us>.

CHAPTER ONE: Twenty Thousand Cups of Coffee



Photo by Cambridge Historical Society

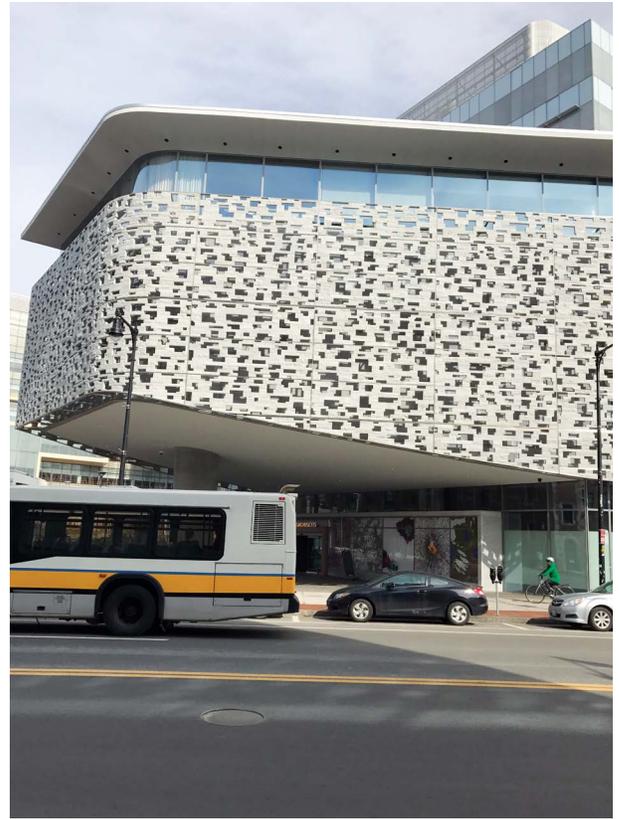


Photo by David Trueblood

THEN AND NOW: Necco To Novartis

An historic photo of the NECCO building on Massachusetts Avenue is a symbol of the manufacturing economy that dominated Cambridge a century ago. It has been repurposed for Novartis, one of the leaders in the 21st century innovation economy. Novartis created a new architectural icon across the street, with a design by artist and architect Maya Lin.

Cambridge is a city of innovators and entrepreneurs supported by a well-run and fiscally responsible local government, which holds a Triple A bond rating.⁸ After World War II, as much of the city's industrial base eroded, Cambridge began a journey toward its new economy. A turning point came in the 1970s, when local laboratories began experiments involving recombinant DNA, a move that aroused fears that scientists were interfering—perhaps irrevocably—in the evolution of the human

species. The city government stepped into the controversy and Cambridge became the first city in the country to regulate the manipulation of genetic material. The city established oversight of the labs and created an environment in which research could go forward.

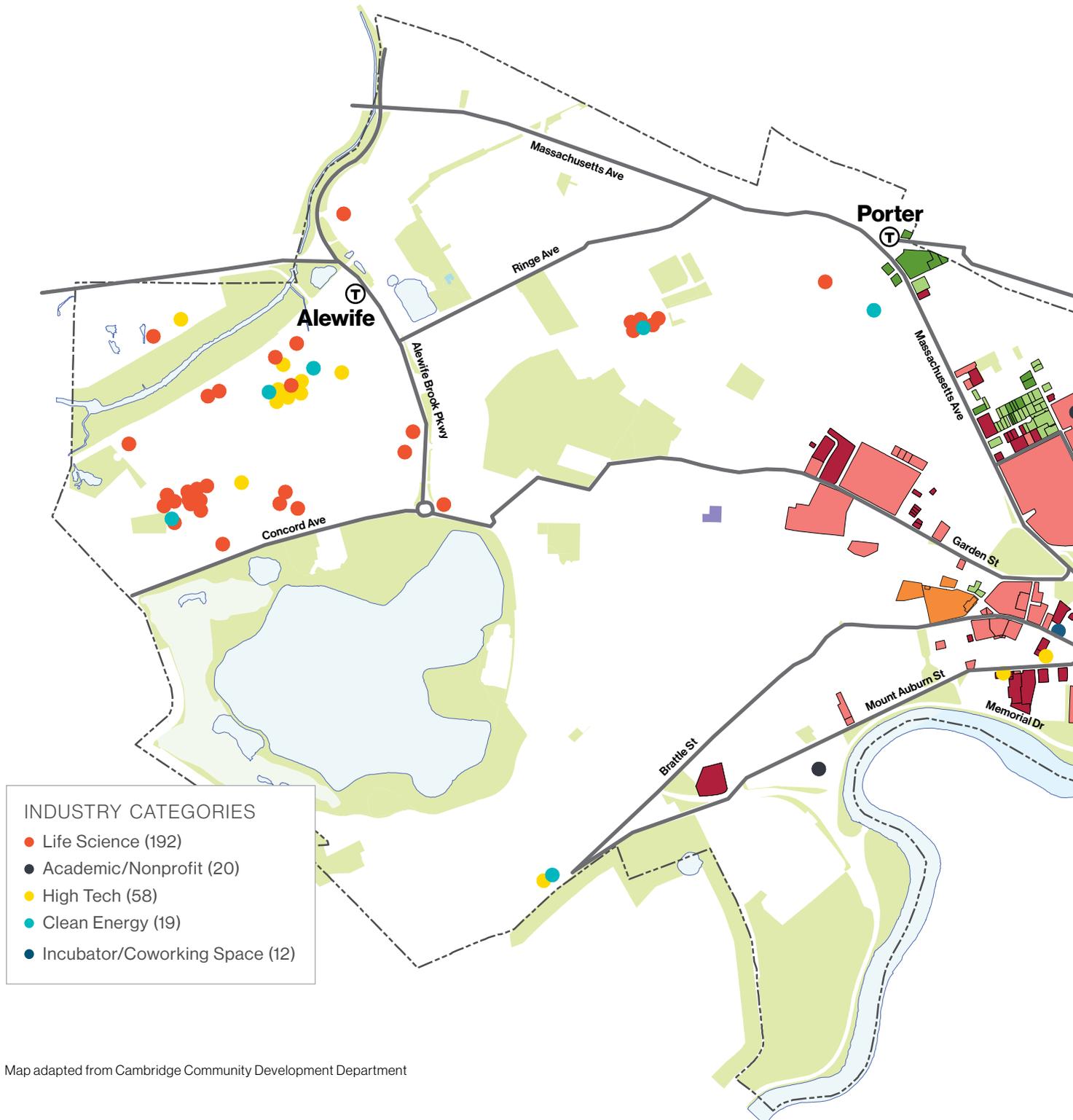
In the 21st century, local government continues to be supportive.

⁸ Budget Office, City of Cambridge, Massachusetts, *Annual Budget 2016-2017* (Cambridge, Massachusetts, n.d.).

FIGURE 1 – THE INNOVATION ECONOMY ECOSYSTEM:

Life Sciences, High Tech and Clean Energy Companies, Universities—
Centers of Study, Research & Innovation

Harvard University and the Massachusetts Institute of Technology, two of the city's largest employers, are among the world's great institutions of higher education. As long-standing institutions, they form the bedrock of the community, its history, its economy and its values. As talent producers and centers for research and innovation, they are fundamental drivers of Cambridge's innovation ecosystem.



Map adapted from Cambridge Community Development Department

PARCEL OWNERSHIP TYPE AND TAX STATUS BY INSTITUTION

Harvard University

- Non-Taxable Properties Owned
- Taxable Properties Owned
- Non-Taxable Condominium Units Owned
- Taxable Ground Lease

MIT

- Non-Taxable Properties Owned
- Taxable Properties Owned
- Non-Taxable Condominium Units Owned
- Taxable Ground Lease

Lesley University

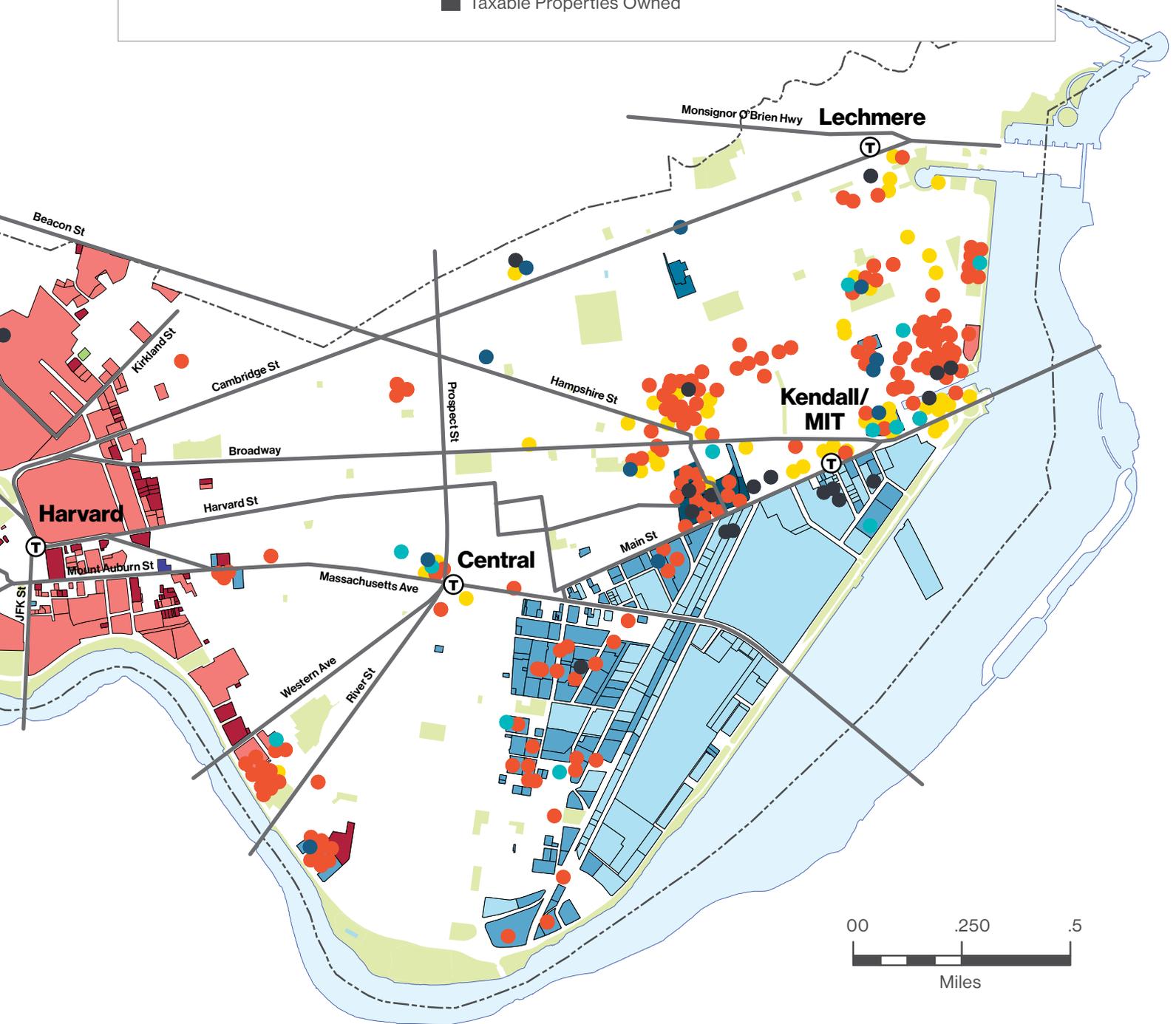
- Non-Taxable Properties Owned
- Taxable Properties Owned

Episcopal Divinity School

- Non-Taxable Properties Owned

Cambridge College

- Taxable Properties Owned



ABOUT THE ECONOMY

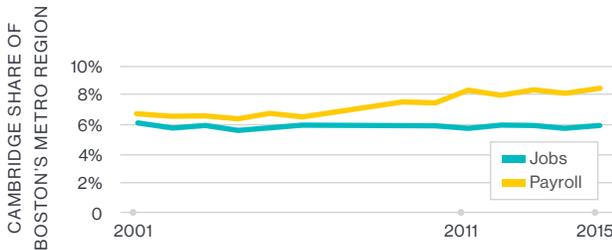
CAMBRIDGE:⁹
 116,000 jobs vs.
 108,000 residents
 Total wages \$12.8 billion



Employment by Industry Sector 2015¹⁰



Cambridge Jobs vs. Payroll¹¹
 Cambridge's share of the Boston Metro region's jobs compared to its share of the region's payroll, 2001-2015



While Cambridge's share of the Boston Metro region's jobs has held steady at about 6 percent since 2001, Cambridge has been adding more higher-paying jobs as compared to the region.

Average annual wage:
\$110,448

Boston-Cambridge-Quincy MSA Median Family Income, 2015: **\$98,500**¹²

Cambridge Median Household Income, 2015: **\$79,416**¹³

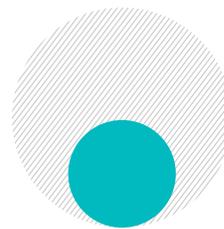
BIOTECH IN CAMBRIDGE:

15,700
 Jobs

27.5%
 of the Bio-Tech jobs in Boston Metro

In just the bio-tech sector of the innovation economy Cambridge today generates 15,700 jobs—27.5 percent of the bio-tech jobs in the Boston Metro region.¹⁴

SCIENCES IN CAMBRIDGE:



10% Boston Metro Region's Occupations

2.4% Boston Metro Region's Working Households

Cambridge working households comprise only 2.4 percent of the Boston Metro region's working households but represent 10 percent of the life, physical and social science occupations.¹⁵

⁹ MAPC analysis of Executive Office of Labor and Workforce Development data, 2015.

¹⁰ Author analysis of Executive Office of Labor and Workforce Development data, 2015.

¹¹ MAPC analysis of employment and wages data from the MA Executive Office of Labor and Workforce Development, 2001-2015.

¹² As cited in "Cambridge Inclusionary Housing Study," Prepared by Paul Rosen & Associates, March 27, 2016. Accessible at <http://www.cambridgema.gov/CDD/Projects/Housing/-/media/1654E3C5BEE546ED9610252E460EFFF3.ashx>

¹³ U.S. Census Bureau, American Community Survey, 2011-2015 Five-year Estimates.

¹⁴ MAPC analysis of U.S. Census Bureau Public Use Microdata Sample 2010-14.

¹⁵ MAPC analysis of U.S. Census Bureau Public Use Microdata Sample 2010-14.

CHAPTER TWO: The People's City

Throughout its history, Cambridge has been prized for its quality of life, the result of a sustained commitment to a particular set of values, perhaps first among them an openness to new ideas and diverse perspectives. Cambridge honors not only excellence but inclusiveness, as evidenced by desegregation of the city's schools in the early 19th century. This value has been extended to newcomers from around the world (public school students speak 64 languages), and to people exploring a range of gender identities.¹¹

The city that has built this dynamic ecosystem to nurture the future has become a magnet for technology students, employees and entrepreneurs. They are drawn not only to the advanced jobs and supportive institutions but to a lively city of coffee shops, open-air restaurants with cuisines from around the world, small family-owned businesses, and leafy side streets lined with elegant old housing. They chat with friends in the attractive pocket parks, flock to the city's many festivals and boat races and outdoor concerts. They enjoy the palpable presence of a rich and remarkable past—and the possibilities such a past represents.



Photo by Richard Howard

Cambridge Public Library is a True Community Center

More than 2,000 people a day visit the city's main library, a center of opportunity, recreation and study, where new residents study English, job seekers update their résumés, parents read to their children, students do their homework, and booklovers find the books they love. The newly expanded library, a \$90 million investment, earned a major award as the single most beautiful structure built in Greater Boston in a decade.

CHAPTER TWO: The People's City

The city enjoys a high level of civic engagement and of satisfaction with life in Cambridge. Thousands of residents joined in the city's participatory budgeting process last year—submitting more than 500 ideas, acting as volunteer delegates to refine project proposals, and voting for capital projects to be funded with \$700,000.¹² The City Council actively seeks out the judgments and opinions of the community by conducting an annual survey of residents. In a 2014 survey, 89 percent described the overall quality of life in Cambridge as good or excellent, 88 percent felt that the welcome offered to diverse races was good or excellent, and 78 percent held the sense of community in Cambridge to be good or excellent.¹³

The city's liberal political tradition is well known—and sometimes captured humorously in its designation as the People's Republic of Cambridge. A recent examination of city policy preferences among constituents of cities in Massachusetts finds that Cambridge is the most liberal city in the state.¹⁴ Cambridge offers a notable breadth of human service programs for residents of all ages, and spending for public amenities is impressive. The city's investment in education, at \$27,500 per pupil, is among the highest of all cities and towns in the state, where per pupil expenditures range from \$10,400 to \$30,505.¹⁵ The city recently invested \$90 million to expand the main library with an award-winning building that itself represents a high-level of commitment to the community's civic and intellectual life.

The nonprofit sector's investment in the community is similarly generous. According to the National Center for Charitable Statistics, there were more than 1,000 registered nonprofit organizations in 2013 for this city's 105,000 people at the time. These nonprofits range from universities and research centers to safety net organiza-

Students, employees, and entrepreneurs are drawn to Cambridge's lively coffee shops, restaurants with cuisines from around the world, family-owned businesses, and leafy side streets lined with elegant old housing.

tions providing essential supports and services, to social clubs. Of the 500 public charities that report to the IRS every year, 19 percent support the arts, 21 percent support education, and 21 percent support human services.¹⁶ They all enrich the community by contributing to the arts, education and recreation as well as the needs of the elderly, young children, the ill, the poor and those in need of food assistance in Cambridge and beyond.

There is a homeless man who appears from time to time in Harvard Square asking passers-by for money. He sits on a crate near Out of Town News. Knowingly or not, he has stationed himself at the center of the historic town of Cambridge. He holds a sign that reads "Seeking Human Kindness." His appeal might not touch the members of every community, but Cambridge is a place that consciously values kindness and concern for others. The concern may not always be practiced, but it is part of the place's traditions, customs, DNA. It is how the people here think about themselves and their city, and the man seems to know he can rely on it.

¹² Natalie Handy, "545 Ideas Submitted on How to Spend \$700K in Cambridge's Participatory Budget," *Cambridge Wicked Local*, August 16, 2016. Accessible at <http://cambridge.wickedlocal.com/news/20160816/545-ideas-submitted-on-how-to-spend-700k-in-cambridges-participatory-budget>.

¹³ While this group of 400 Cambridge residents varies on important dimensions including length of time lived in the city, area of the city, tenure, and gender—the majority who were willing to provide their household income had incomes greater than \$75,000 per year, suggesting that these impressions may not be representative of all of our neighbors. City Manager's Office, Cambridge, Massachusetts, *Cambridge Biennial Citizen Survey 2014* (Cambridge, Massachusetts: n.d.).

¹⁴ Chris Tausanovitch and Chris Warshaw, "Representation in Municipal Government," *American Political Science Review* 108, no. 3 (2014): 605-641.

¹⁵ Massachusetts Department of Elementary and Secondary Education, *2014-15 Per Pupil Expenditure Report* (Boston, Massachusetts: n.d.).

¹⁶ Author analysis of National Center for Charitable Statistics Data. Accessible at <http://nccsweb.urban.org/PubApps/geoSearch.php>.

FIGURE 2. Cambridge Demographic Profile

	1990	2000	2010	2015
Population	95,802	101,355	105,162	107,916
Household Population	81,769	86,692	88,060	90,786
Group Quarters Population	14,033	14,663	17,102	17,130
Household Composition (% all Households)				
Family Households	44.6%	41.3%	39.6%	42.2%
Married Couples	31.5%	29.1%	28.9%	31.4%
Single Parent	6.6%	6.3%	5.2%	8.3%
Nonfamily Households	55.4%	58.7%	60.4%	57.8%
Single Person Alone	42.3%	41.4%	40.7%	39.6%
Roommates	13.1%	17.3%	19.7%	18.2%
Student Households		14.7%		15.7%*
Age				
0-9	8.7%	7.6%	7.2%	7.5%
10-19	11.1%	11.0%	9.2%	10.4%
20-39	48.1%	48.1%	51.4%	49.0%
40-59	18.4%	21.3%	18.4%	18.0%
60 and above	13.8%	12.0%	13.8%	15.1%
Race and Ethnicity				
White, non-Latino	71.6%	64.6%	62.1%	
Black, non-Latino	12.7%	11.5%	11.0%	
Asian or Pacific Islander	8.4%	11.9%	15.1%	
Latino (Any Race)	6.8%	7.4%	7.6%	
Other Non-Latino	0.4%	4.5%	4.1%	
Nativity				
Foreign born as % of total population	22.3%	25.9%	27.2%	27.1%
Speaking Language other than English at home (Ages 5 and above)	26.2%	31.2%	31.4%	32.0%
Highest Educational Attainment (% of Adults aged 25 and older)				
No High School Diploma	15.6%	10.5%	5.9%	6.1%*
High School Diploma or Equivalent	15.8%	12.2%	11.2%	9.3%*
Less than 4 Years of College (incl. both persons with an Associate degree and persons with a partially completed Bachelor's degree)	14.3%	12.2%	10.7%	9.9%*
Bachelor's Degree or Higher	54.2%	65.1%	72.1%	74.7%*

Asterisk (*) indicates data is for 2014. SOURCES: Community Development Department, City of Cambridge, Massachusetts. 2011 Statistical Profile. MAPC analysis of U.S. Census Bureau Public Use Microdata Sample 2010-14. U.S. Census Bureau, American Community Survey, Five-Year Estimates, 2006-2010, 2010-2014, 2011-2015.

CHAPTER THREE:

The Downside of the Upside



Photo by Richard Howard

A Cambridge mother attends a meeting of the Family Independence Initiative at the main branch of the Cambridge Public Library.

With its new economy, its many amenities and its extensive educational infrastructure, Cambridge today is a wealthy, thriving and beautiful city. As in many other cities with burgeoning economies based on technological innovation, however, the question is whether and to what extent the new prosperity benefits the city as a whole—whether the new economy enhances Cambridge as a place to live, work and raise children.

This chapter sets the stage for a discussion of that question. It begins with Cambridge's demographic changes from 1990 to 2015 and then examines the status of income, housing affordability and public school education.¹⁷ This report strives for the most up-to-date, accurate data and employs measures from either 2014 or 2015, depending on the source.

Demographic statistics reflect a changing city. Cambridge's population grew from 95,802 in 1990 to 107,916 in 2015,

with a 6.5 percent increase between 2000 and 2015. While the past 15 years have seen small declines in the elementary school-aged and high school-aged youth, the "millennial" population, aged 20 to 39, has expanded. In the same years, the population of those aged 40 to 59 has declined.

The white population, still by far the largest racial group, decreased by almost 10 percentage points over the period 1990 to 2010, while the Asian or Pacific Islander population grew by almost 7 percentage points over the same period. Among the most significant demographic changes is the growth of the city's foreign-born population from 22.3 percent of the total population in 1990 to 27.1 percent in 2015; a full 32 percent of the city's population over the age of 5 now speaks a language other than English at home.

The data in this report also reveal a city that is far wealthier than the average U.S. city—and quite unequal. Also revealed is the fact that this wealthy city has considerable poverty, which grew in the years of the booming economy, according to the federal poverty threshold (\$24,250 for a family of four).¹⁸ The federal threshold likely underestimates the need among our families because it is defined for the whole country and fails to account for local costs of living. Estimates suggest that a two-parent, two-child household in the Boston-Cambridge-Newton metropolitan area (in 2014) actually needs \$85,793 annually for a secure if modest standard of living—a difference of more than \$60,000.¹⁹

In addition, the numbers show the increasing difficulty of low- and middle-income residents to afford housing in the city. Just 4 percent of the city's rental housing with two or more bedrooms in 2015 was affordable to a family with two workers making \$75,000 annually. Also of concern is

¹⁷ While the City of Cambridge and the Metropolitan Area Planning Council provided the bulk of the statistical data in this document, much more information is available from both of these sources. The Cambridge Needs Assessment study, co-funded by the Cambridge Community Foundation and the City of Cambridge, provides a more detailed picture of these and other relevant indicators of the city's current status; the Assessment is available on the City's website (<https://www.cambridgema.gov/CDD/Projects/Planning/cambridgenneedsassessment>).

¹⁸ U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, 2015 Federal Poverty Guidelines (Washington, D.C.: n.d.).

¹⁹ Economic Policy Institute's Family Budget Calculator for the Boston/Cambridge/Quincy, Mass. Metro Area measures the income needs to attain a secure yet modest standard of living. This measure is based on 2014 data, and dollars are adjusted to 2015. Accessible at <http://www.epi.org/resources/budget/budget-factsheets/#/245>.

CHAPTER THREE: The Downside of the Upside



Photo by David Trueblood

New construction in Kendall Square offers tangible evidence of a red-hot innovation economy.

the future employability of the city's children. Although Cambridge is a highly educated city, where 75 percent of adults held college degrees in 2015, the public schools lag behind a comparable district in the metropolitan area in sending students seamlessly on to college graduation.²⁰ These realities foreshadow increasing economic and racial equity gaps even as Cambridge enters a new era—one filled with the promise of unprecedented prosperity.

Broad access to our thriving economy is part of Cambridge's ethos and is critical to our continued economic growth. Research, internationally and across regions in the U.S., indicates that inequality can be a drag on an economic boom.²¹ In the whirlwind of success that has engulfed the city, can Cambridge make a commitment to greater equity and the ideal of shared prosperity?

Cambridge is significantly wealthier than the average U.S. city, but poverty remains—and has deepened during the years of the new economic boom.

²⁰ The Massachusetts Department of Elementary and Secondary Education provides data on the portion of students who started their careers at the Cambridge Rindge and Latin School (CRLS) in 2004 who moved seamlessly toward any kind of college degree within six years of their high school graduation (whether from CRLS or elsewhere). These data do not have separate measures for students based on whether they received their high school diploma from their 9th grade school or elsewhere. This suggests care when enlisting these data as an absolute measure of CRLS performance.

²¹ For example, Ugo Panizza, "Income Inequality and Economic Growth: Evidence from American Data," *Journal of Economic Growth* 7, no. 1 (2002): 25–41.

Income

Cambridge's thriving economy affords impressive heights. The city's \$79,416 median household income in 2015 was more than \$25,000 greater than the median for all urban households in the country.²² However, as the data below demonstrate, the city's economic success has not stemmed poverty among us—and may be threatening the economic and cultural richness of the community.

POVERTY

Cambridge's poverty grows. Poverty remains a reality in Cambridge despite our prosperity. As shown in **FIGURE 3**, well over 10 percent of all Cambridge families with children live in poverty. Close to 2,000 children and youth lived in poverty in Cambridge in 2015—close to 15 percent of all Cambridge residents under 18. Of families headed by single women, nearly a third (32.8 percent) are living in poverty today, an increase of more than 8 percentage points since 2010.

Poverty cuts across all racial and ethnic groups in Cambridge. Those living in poverty in 2015 included 26.4 percent of black residents, 26.3 percent of Latino residents, 16.9 percent of Asian residents and 10.7 percent of white residents.²³

INCOME INEQUALITY

Income inequality is evident in dramatic disparities between upper and lower Cambridge households.²⁴

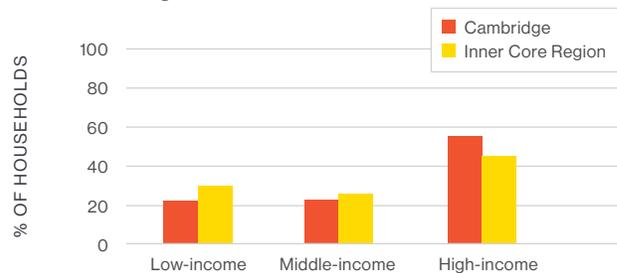
Cambridge today reflects the income inequality that marks many prosperous American cities. The numbers are striking: Nearly a thousand working households make more than \$500,000 a year, while nearly 5,000 working households bring in less than \$40,000.^{25, 26}

FIGURE 3. Poverty Status in Cambridge 2000 and 2011-2015

Persons in Poverty	2000	2011-2015
All Persons	12.9%	14.0%
Under 18	15.6%	14.9%
65 and Over	12.9%	12.5%
All Families	8.7%	9.0%
Families with Related Children	12.6%	13.2%
Female Single Parent	24.3%	32.8%

SOURCES: 2000 estimates from Cambridge Community Development Department analysis of Decennial Census Summary File 3, 2000 as reported in Community Development Department, City of Cambridge, Massachusetts. 2011 Statistical Profile, 2011-2015

FIGURE 4. Household Income, Cambridge and Inner Core Region



The portion of all working households in each income group (see footnote 24). See footnote 26 for definition of "inner core" region. SOURCE: MAPC Analysis of U.S. Census Bureau Public Use Microdata Sample 2010-2014.

As shown in **FIGURE 4**, Cambridge has a smaller portion of low-income and middle-income households as compared to the larger Metro Boston region, while having a larger portion of high-income households.

²² U.S. Census Bureau, American Community Survey, 2011-2015 Five-Year Estimates. Alemayehu Bishaw and Kirby G. Posey, "A Comparison of Rural and Urban America: Household Income and Poverty," *Random Samplings: The official blog of the U.S. Census Bureau*, December 8, 2016, <http://blogs.census.gov/2016/12/08/a-comparison-of-rural-and-urban-america-household-income-and-poverty/>.

²³ U.S. Census Bureau, American Community Survey, 2011-2015 Five-Year Estimates.

²⁴ Income groups are defined relative to the median income for the metropolitan area, and adjusted by household size. A low-income 4-person working household has an income of less than \$67,750. A middle-income 4-person working household has an income greater than \$67,750, but less than \$112,920. A high-income 4-person working household has an income greater than \$112,920.

²⁵ Because of the temporary and atypical earning patterns of students, the focus of MAPC's income and occupational analysis is on the nearly 80 percent of all households that are working (defined by having at least one wage earner and a principal earner who is not enrolled in school). MAPC analysis of U.S. Census Bureau Public Use Microdata Sample, 2010-14.

²⁶ Figure 4 shows the relative portions of Cambridge households in each income group. It also provides a comparison between Cambridge and the inner core of the larger Boston metropolitan region. The inner core region (defined by the Metropolitan Area Planning Council in 2008) includes the set of 16 cities and towns that are the high density "urban communities": Boston, Cambridge, Chelsea, Everett, Malden, Revere, Somerville, Arlington, Belmont, Brookline, Medford, Melrose, Newton, Waltham, Watertown, and Winthrop.

CHAPTER THREE: The Downside of the Upside

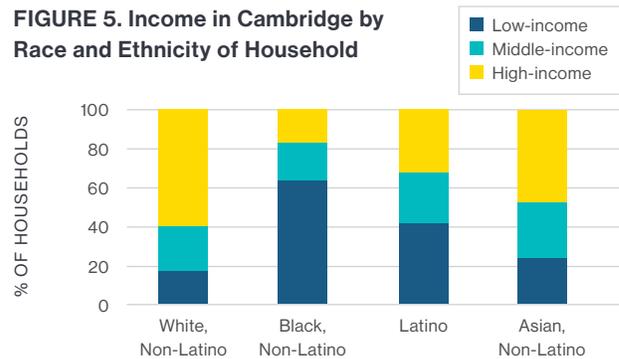
Household income among Cambridge's working households varies across race. As shown in **FIGURE 5**, it is far more likely for a black or Latino Cambridge household to be in the low-income group than for a white household.

Cambridge's middle class is shrinking. A December 2015 report, *The American Middle Class is Losing Ground* by the Pew Research Center indicates a national trend in the loss of the middle class, which has declined steadily to 50 percent of households in 2015. As shown in **FIGURE 6**, in 2014 less than a quarter, or 23 percent, of the working households in Cambridge were middle-income (while nearly half were high income). This represents a decline over the past 15 years of about 1 percentage point. While not dramatic, this continued shift is concerning particularly in light of rising income inequality and the housing market which, as discussed below, provides few affordable options for such households.

The city's high-income population continues to grow. As shown in **FIGURE 6**, the share of high-income working households in Cambridge increased by 14 percent over the last 15 years, while the inner core of the Boston Metro region, as a whole, experienced a 1 percent decline. Over the same period, the share of low-income working households declined by 12 percent while this nearby region experienced a 20 percent increase. It is not known what explains this changing share of low-income households—whether low-income workers increased their incomes or left the city because they found better-paying jobs, or because of other factors such as housing affordability.

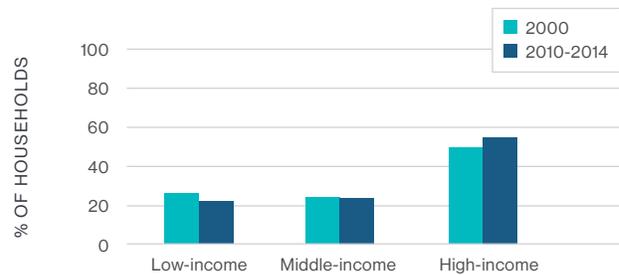
Income inequality is altering the Cambridge community, as the city's share of high-income households grows and its share of low-income households declines. As shown later in this chapter, the great equalizers of education and homeownership are constrained in Cambridge. These changes raise the question whether Cambridge of the future will lack the rich diversity, in terms of race, ethnicity and income, of the past, and whether Cambridge's historic commitment to social justice will continue to define the city.

FIGURE 5. Income in Cambridge by Race and Ethnicity of Household



The portion of all Cambridge working households in each income group (defined above), for each racial/ethnic group. SOURCE: MAPC Analysis of U.S. Census Bureau Public Use Microdata Sample 2000-2014.

FIGURE 6. Cambridge Household Income Composition Over Time



The portion of all working households in each income group. See income definitions above. SOURCE: MAPC Analysis of U.S. Census Bureau Public Use Microdata Sample 2000, 2010-2014.

The city's economic success may be threatening the economic and cultural richness of the community.

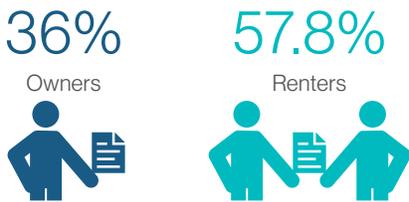
HOUSING

Properties: 11,108 Units: 49,530²⁷

Portion of All Units Among Types of Properties 2010



Owner Occupied vs. Rental 2014²⁸



14.7%
Subsidized Housing
Inventory Units 2016²⁹

Average Sales Price 2014³⁰



Median Market-Rate Asking Rent 2014



²⁷ Cambridge Community Development Department, *2010 Housing Profile* (Cambridge, Massachusetts: n.d.).

²⁸ MAPC analysis of U.S. Census Bureau, American Community Survey, 2010-2014 Five-Year Estimates.

²⁹ Cambridge Community Development Department, *Affordable Housing Distribution by Neighborhood as of June 30, 2016* (unpublished data). This stock includes nonprofit housing and scattered-site homeownership, public housing, inclusionary housing, and private housing.

³⁰ As cited in "Cambridge Inclusionary Housing Study," prepared by Paul Rosen & Associates, March 27, 2016. Accessible at <http://www.cambridgema.gov/CDD/Projects/Housing/-/media/1654E3C5BEE546ED9610252E460EFFF3.ashx>.

Housing

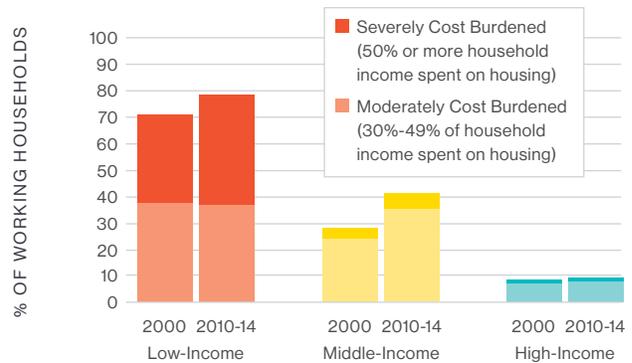
Cambridge's vigorous economy has had a major influence on the city's housing market. As the discussion below indicates, the cost of housing creates heavy burdens on households as they strive to raise their families, remain in the community, and build wealth. Across racial, ethnic and income lines, concerns about housing choice and affordability emerged as a leading issue in surveys and comments in Envision Cambridge, the initiative created to help plan for the future.³¹

As of 2016, an impressive 15 percent of the city's housing stock (more than 7,500 units) is in low-income or mixed-income developments eligible for the state's Subsidized Housing Inventory.^{32, 33} Nevertheless, housing affordability remains a key challenge, a long-term problem stemming from the discontinuation of rent control in the 1990s. The problem is now exacerbated by Cambridge's current desirability as a place to live and by the growing demand for housing among high-income households with jobs in our innovation economy.

HOUSING COST BURDEN

Housing costs are burdening Cambridge's low- and middle-income households. The city's hot housing market has had a profound impact on rental affordability. According to the City's annual rent survey, the median asking rent for a three-bedroom apartment in 2014 was \$3,400.³⁴ In Cambridge, just 4 percent of rental listings with two or more bedrooms over the 2014-2015 period were affordable to a family with two workers making \$75,000. In Boston, over the same period, 10 percent were affordable. Given that more than two-thirds of our occupied units are home to renters, these high rates represent a real challenge for many Cambridge residents. Moreover, when low-income renter households benefit from our local economy with a better job and higher income they have few affordable options.

FIGURE 7. Housing Cost Burdens for Low-, Middle-, and High-Income Cambridge Households



The portion of all working households in each income group experiencing housing cost burden. See income definitions above. SOURCE: MAPC Analysis of U.S. Census Bureau Public Use Microdata Sample 2000, 2010-2014.

As the cost of housing rises, both renters and homeowners experience heavier housing cost burdens. The U.S. Department of Housing and Urban Development has long defined cost-burdened households as those paying more than 30 percent of their income for housing. Today, a substantial number of households are experiencing *extreme* cost burdens, dedicating more than 50 percent of their income to housing.

FIGURE 7 indicates the housing cost burden across income groups. The rate of housing burden among low-income working households is greatest and has grown over the past 15 years. More than 78 percent of low-income working households in Cambridge are cost-burdened (over the 2010-2014 period), and more than half of those households are putting more than 50 percent of their income toward housing costs. Perhaps more striking is that over the same period more than 40 percent of the city's middle-income households are also housing-cost burdened. In the past 15 years, this portion of our neighbors has experienced the greatest increase in the rate of rent burden—up by 13 percentage points.

³¹ Cambridge Community Development Department, Envision Cambridge: Public Participation Summary, Listening Phase (Cambridge, Massachusetts, Spring 2016).
³² Cambridge Community Development Department, Affordable Housing Distribution by Neighborhood as of June 30, 2016 (unpublished data). This stock includes nonprofit housing and scattered-site homeownership, public housing, inclusionary housing, and private housing.
³³ Within Cambridge 1,169 households are renting with support of Federal and state tenant-based housing vouchers. Cambridge Public Housing Authority, unpublished data.
³⁴ As cited in "Cambridge Inclusionary Housing Study," prepared by Paul Rosen & Associates, March 27, 2016. Accessible at <http://www.cambridgema.gov/CDD/Projects/Housing/-/media/1654E3C5BEE546ED9610252E460EFFF3.ashx>.

CHAPTER THREE: The Downside of the Upside



Photo by Richard Howard

Small neighborhoods in Cambridge with a strong sense of community invite residents to come out and connect—here by way of an impromptu concert.

After spending a significant share of their income on housing, cost-burdened households are forced to cut back spending on other vital needs. The high cost of living in the Boston area exacerbates this difficulty.

According to the 2014 Consumer Expenditure Survey, severely cost-burdened households spent 41 percent less on food and 74 percent less on healthcare than their counterparts living in housing they could afford.³⁵ Severe housing cost burdens also leave families more vulnerable to unexpected financial shocks such as a car breakdown or sudden illness.

HOMEOWNERSHIP RATES

High housing costs keep the city's rate of homeownership low. In recent years, property sales have continued to be rare and prices have been high.

The average sales price for a single-family home in 2014 was \$1,200,000, and for a condominium, \$575,000.³⁶ And prices continue to climb.

About a third (36 percent) of Cambridge housing units are owner-occupied, compared to 57.8 percent in the entire Boston metropolitan region.^{37, 38} Most of the city's working household homeowners—71 percent—are in the high-income bracket, 12 percentage points more than the 59 percent of metropolitan Boston's working household homeowners who are high-income.³⁹

³⁵ Joint Center for Housing Studies, *The State of the Nation's Housing 2016* (Cambridge, Massachusetts: Harvard University, 2016).

³⁶ City of Cambridge Community Development Department data as cited in "Cambridge Inclusionary Housing Study," prepared by Paul Rosen & Associates, March 27, 2016. Accessible at <http://www.cambridgema.gov/CDD/Projects/Housing/~media/1654E3C5BEE546ED9610252E460EFFF3.ashx>.

³⁷ MAPC analysis of U.S. Census Bureau, American Community Survey, 2010-2014 Five-Year Estimates.

³⁸ The Boston metropolitan region is composed of 101 cities and towns including and surrounding Boston, roughly bordered by Interstate 495 to the west, Ipswich to the north, and Duxbury to the south.

³⁹ MAPC analysis of U.S. Census Bureau, Public Use Microdata, 2010-14.

CHAPTER THREE: The Downside of the Upside

Among transactions in Cambridge from 2014 to 2015, just 2 percent of single-family homes and 9 percent of condominiums were affordable to a family with two workers earning \$75,000 annually, compared to the Boston metropolitan region, where 22 percent of single family homes and 39 percent of condos were affordable to such a family. Given the scarcity of affordable properties, only 17 percent of working household homeowners are middle-income. This is nearly 3 percentage points lower than the rate of homeownership for middle-income working households in the Boston metropolitan region.⁴⁰ An even smaller portion of Cambridge's working household homeowners—just 12 percent—are low-income. Across the entire Boston metropolitan region, the portion of working household homeowners that are low-income is 16 percent.

There are considerable racial disparities in homeownership, affecting asset and wealth building.

FIGURE 8 shows that forty-three percent of non-Latino whites own their homes, while only 18 percent of black non-Latinos do, and an even smaller portion of Latinos (13.2 percent) are homeowners.

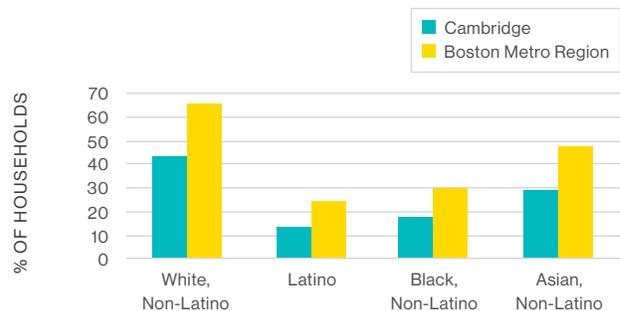
These figures have long-term implications, as home ownership is the primary way Americans accumulate wealth. Household wealth is also an important predictor of college completion. These gaps in household wealth will make it hard to close the college completion gaps among Latino, black and white households.⁴¹

The cost of housing creates a heavy burden on low- and middle-income households as they strive to raise their families, remain in the community, and build wealth.



Long-time Cambridge resident William Cobham, remembered for his many contributions to the Cambridge community, stands in front of the house his parents bought in 1947, home to multiple generations of his family.

FIGURE 8. Home Ownership in Cambridge by Race and Ethnicity



For each racial or ethnic group, the portion of households that are homeowners. For the City of Cambridge and the Boston Metro region. SOURCE: MAPC analysis of U.S. Census Bureau American Community Survey Five-Year Estimates, 2011-2014.

⁴⁰ MAPC analysis of U.S. Census Bureau, Public Use Microdata, 2010-14.

⁴¹ Laura Sullivan, Tatjana Meschede, Lars Dietrich, Thomas Shapiro, Amy Traub, Catherine Ruetschlin, and Tamara Draut, *The Racial Wealth Gap: Why Policy Matters* (New York, NY: Demos, 2015).

Education

Cambridge's renowned universities have earned the city a reputation as an education and research mecca. People come here from all over the world to solve problems and make breakthrough discoveries that have ranged from creating the smallpox vaccine and developing the human genome project and the worldwide web, to discovering a new planet. MIT, Harvard and Lesley universities, as well as the Hult Business School and Cambridge College, together educate 46,505 students, including 14,655 undergraduates, 21,572 graduate students and 10,278 non-degree students.⁴⁷

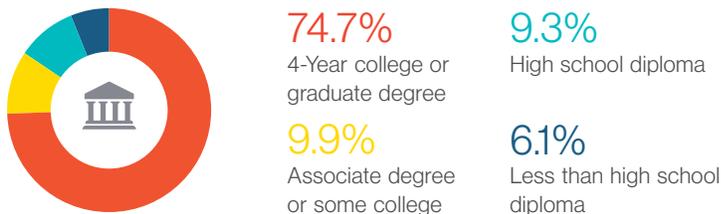
With the tech industry's demand for educated workers and the value that Cambridge has always placed on education it is not surprising that fully 75 percent of the city's residents hold college degrees, as of 2014.⁴⁸ Yet, as the data below indicate, racial achievement gaps in preparedness to secure jobs in the city's technology-based economy are evident as early as third grade and persist into high school and beyond. Among the adult population, the valuable workplace credential of a college degree is not held equally across racial and ethnic groups.

CAMBRIDGE'S EDUCATIONAL LANDSCAPE

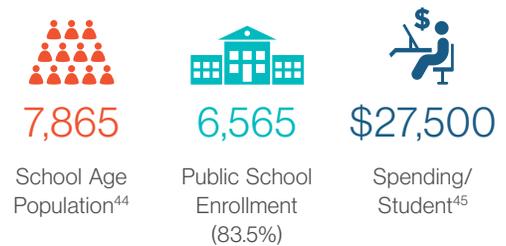
Total Higher Ed Student Population: M.I.T., Harvard and Lesley Universities⁴²



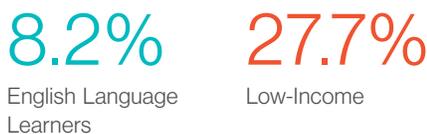
Level of Education Ages 25 and Over⁴³



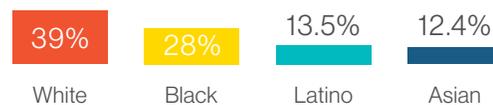
Cambridge Public Schools



Enrollment in Cambridge Public Schools



Enrollment in Cambridge Public Schools by Race and Ethnicity⁴⁶



⁴² Cambridge Community Development Department, *Statistical Summary of 2015 Town Gown Reports* (Cambridge, Massachusetts: January 2016).

⁴³ U.S. Census Bureau, American Community Survey, 2010-2014 Five-Year Estimates.

⁴⁴ Massachusetts Department of Elementary and Secondary Education, *2014-15 School Attending Children Report* (Boston, Massachusetts: n.d.).

⁴⁵ Massachusetts Department of Elementary and Secondary Education, *2014-15 Per Pupil Expenditure Report* (Boston, Massachusetts: n.d.).

⁴⁶ Massachusetts Department of Elementary and Secondary Education, *Cambridge Public School District Profile 2015* (Boston, Massachusetts: n.d.).

⁴⁷ Cambridge Community Development Department, *Statistical Summary of 2015 Town Gown Reports* (Cambridge, Massachusetts: January 2016).

⁴⁸ U.S. Census Bureau, American Community Survey, 2010-2014, Five-Year Estimates.

K-12 ACHIEVEMENT GAP

Racial achievement gaps in math and science

for Cambridge students appear early and persist.

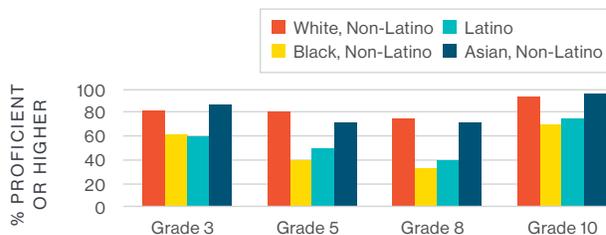
The city's public school demographics resemble those of many urban areas, with more than a quarter of the students coming from economically disadvantaged households and more than half from racial and ethnic minorities.⁴⁹ The city's spending currently exceeds \$27,500 per pupil, well above the statewide average of \$14,900.⁵⁰ Although many Cambridge students attend private schools, the majority (83.5 percent) of our students are enrolled in our public schools.⁵¹

Despite this investment, Cambridge schools are not sufficiently preparing black and Latino young people with critical math and science skills. As shown in **FIGURES 9 AND 10**, racial achievement gaps in math and science, evident as early as 3rd and 5th grades, continue into high school.

In 2015, 61 percent of black third-grade students in Cambridge received scores of advanced or proficient on standardized math tests. Fifty-nine percent of Latino students met this mark. Both groups were far less likely to be proficient or higher compared to white and Asian students. Asian students were the most likely to be proficient or higher (86 percent). The difference for black students was 20 percentage points and for Latino students, 22 percentage points.

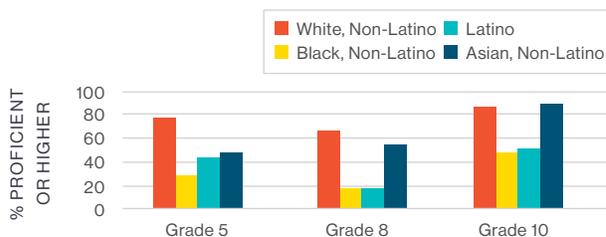
Similarly, an 8th grade black student was 49 percentage points less likely than a white student to be proficient or advanced in science. The gap for Latino students (48 percentage points) is similar. Cambridge's racial achievement gap in science is greater than that of the state. The white-black science achievement gap among 8th graders across the state is 34 percentage points, as compared to Cambridge's gap of 49 percentage points.

FIGURE 9. Racial Achievement Gaps in Math in Cambridge Public Schools



Portion of Cambridge student's scoring advanced or proficient in MCAS Math test. SOURCE: Massachusetts Department of Elementary and Secondary Education, 2015.

FIGURE 10. Racial Achievement Gaps in Science in Cambridge Public Schools



Portion of Cambridge students scoring advanced or proficient in MCAS Science test. SOURCE: Massachusetts Department of Elementary and Secondary Education, 2015.

Racial achievement gaps in math and science—knowledge critical for employment in the city's technology-based economy—are evident as early as third grade and persist into high school and beyond.

⁴⁹ Massachusetts Department of Elementary and Secondary Education, *Cambridge Public School District Profile 2015* (Boston, Massachusetts: n.d.).

⁵⁰ Massachusetts Department of Elementary and Secondary Education, *2014-15 Per Pupil Expenditure Report* (Boston, Massachusetts: n.d.).

⁵¹ Massachusetts Department of Elementary and Secondary Education, *2014-15 School Attending Children Report* (Boston, Massachusetts: n.d.).

COLLEGE SUCCESS

Cambridge's racial achievement gaps persist into college success, and are greater than those of comparable districts. The city's racial achievement gaps continue into higher education. According to the most recent data available, only 29 percent of Cambridge's black 9th graders move seamlessly toward any kind of college degree within six years of graduating from high school.⁵² For Latino students, 14 percent have such post-secondary success. Both are less likely to seamlessly secure degrees than their white and Asian classmates. The difference between white and black students is 9 percentage points, and between white and Latino students, 24 percentage points. By contrast, Asian and white students have more comparable degrees of success (35 percent of Asian students and 38 percent of white students achieve this standard).

Based on characteristics of enrolled students, the Framingham district is a good point of comparison with Cambridge. While 30 percent of Framingham's black students and 16 percent of its Latino students move seamlessly toward a college degree within six years of high school graduation, in Cambridge those figures stand at 29 percent for black students and 14 percent for Latinos.⁵³ In fact, Framingham's overall success in moving its students seamlessly toward college degrees in six years stands at 38 percent, compared to Cambridge's 31 percent.

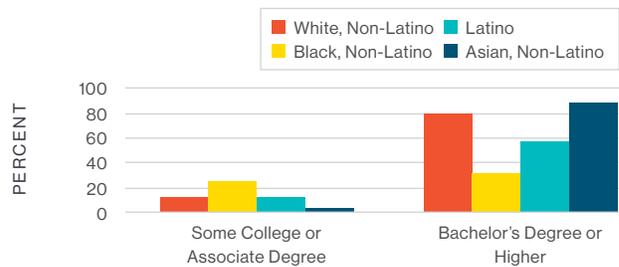
ADULT DEGREE ATTAINMENT

Cambridge's racial achievement gaps in primary and secondary school echo adult degree attainment.

As shown in **FIGURE 11**, more than 80 percent of the city's white and Asian residents over the age of 25 have bachelor's degrees or higher. However, black and Latino adults lag behind both white and Asian adults in possessing bachelor's degrees or higher. In 2014, less than a third (31 percent) of black adults held at least a bachelor's degree; nearly 60 percent of Latino adults held at least such a degree. There is nearly a 50 percentage-point difference between white and black adults with at least a bachelor's degree. The portion of adults with some college or an associate degree is also low in light of job market demands, with a low of 8 percent for white adults to just 25 percent for blacks.

Racial achievement gaps are a concern nationwide. Research shows that even the earliest learning and development affects health, education, quality of life and civic engagement in adulthood.⁵⁴ Such gaps are even more notable in Cambridge given the significant investment in public education and an economy hungry for skilled workers.

FIGURE 11. Degree Attainment Among Cambridge Adults



The portion of all Cambridge adults, aged 25 and above, with some college or an associate degree and the portion with at least a bachelor's degree over the period 2010-2014. SOURCE: MAPC analysis of U.S. Census Bureau American Community Survey, 2010-2014 Five-Year Estimates.

⁵² The Massachusetts Department of Elementary and Secondary Education provides data on the portion of students who started their careers at the Cambridge Rindge and Latin School (CRLS) in 2004 who moved seamlessly toward any kind of college degree within six years of their high school graduation (whether from CRLS or elsewhere). These data do not have separate measures for students based on whether they received their high school diploma from their 9th grade school or elsewhere. This suggests care when enlisting these data as an absolute measure of CRLS performance.

⁵³ The Massachusetts Department of Elementary and Secondary Education provide data on Success After High School for comparable districts based on the total enrollment (size), percentage of low income students, English Language Learners, and special education students enrolled, and district or school type (e.g., elementary school, middle school). DESE determined that Framingham is the highest performing of Cambridge's comparable districts.

⁵⁴ James Heckman, "The Economics of Inequality: The Value of Early Childhood Education," *American Educator*, Spring 2000.

CHAPTER THREE: The Downside of the Upside



Photo by Samara Vise/Courtesy MIT Museum

Engineering for the Whole Family

Ingenuity reigns supreme at the annual MIT event called FAT—for Friday after Thanksgiving—as Cambridge students create a chain reaction that propels a single golf ball through a maze of ingenious home-made contraptions to the rousing cheers of parents and friends. The brainchild of Arthur Ganson, a star of the MIT Museum, and Discovery Channel host Jeff Lieberman, FAT is one of those experiences that make Cambridge Cambridge.

Public education, regarded by Americans as the great equalizer, is not keeping pace with the region in terms of sending the city's students seamlessly to a college degree,

The data presented in this chapter on demographics, income, housing and education paint a picture of a successful city and a dynamic economy. With jobs to spare in the knowledge industry, Cambridge is attractive to young educated workers—almost half of the city is 20 to 39 years old, and 75 percent of the city's adults have college degrees. The booming economy is helping to expand the city's high-income population.

In a city of highly educated adults, public education, regarded by Americans as the great equalizer, is not keeping pace with the region in terms of sending the city's students seamlessly to a college degree, and the racial and ethnic achievement gaps common to urban settings are seen in Cambridge as well. A large proportion of students do not speak English at home. And poverty, too, reflects the realities of other cities: a significant percentage of Cambridge's children are poor.

As in other cities with thriving innovation economies, income inequality is growing, the cost of housing is rising dramatically, and long-time residents are wondering if their children can afford to live in Cambridge. The city's low home ownership impedes one of the principal ways for households to accumulate wealth to pass on to the next generation.

Cambridge is a wealthy city—with poverty in the midst of plenty. However, as pointed out in the previous chapters, the city is rich in resources, and the private sector's immense investment in new industries, the public sector's generous support of education, the nonprofit sector's long tradition of providing assistance to the low-income people, the presence of great institutions of higher education, and the commitment of so many in the city to social justice represent powerful tools in any effort to share the city's new prosperity.

Where Do We Go from Here?



Photo by Romana Vysatova

This report opens with a description of Cambridge's current economic boom, attributable to the city's historic stress on education, a culture of openness to innovation, and a well-run city government as well as to the massive private investment in new technologies. While acknowledging a broad range of changes in Cambridge in the last several years, the report focuses on three aspects of the city's life: **income, housing and education**, highlighting issues in each of these areas that have long-term implications for the city's residents and their children.

These aspects of the city's communal life are most urgently in need of addressing by the full community. As stated in the Preface, we bring together this information in the hope of generating a new action agenda to address growing concerns—concerns that represent both a moral and an economic imperative in this privileged city.

As Cambridge's community foundation, we urge a particular focus in examining and acting upon the data in the report: that of equity. Our city is booming, but it is clear that the prosperity of the new era is being shared very unequally across the full community. As inequality grows in Cambridge and around the country, the importance of addressing these issues and considering new approaches to solving long-standing problems becomes more urgent.

Income inequality is a defining issue of our times. In Cambridge, the gap between wealth and poverty is dramatic—with some high-income households bringing in more than \$500,000 a year, while nearly 5,000 working households earn less than \$40,000. This disparity, which breaks down dramatically in terms of race and ethnicity, threatens to polarize our community not only in terms of wealth and poverty, but along racial and ethnic lines.

The rapid rise of housing costs is making it difficult for low- and middle-income households to live in Cambridge. An increasing number of low-income households in Cambridge now spend half or more of their income on housing, and a growing portion of middle-income Cambridgeans spends between 30 and 49 percent of their household income on housing. The housing cost burden, too, breaks down along racial/ethnic lines, with a heavier burden on black and Latino households than on white and Asian households.

In addition, the future is clouded for the city's black and Latino children by persistent racial achievement gaps in the city's public schools. We must prepare our children more adequately to participate in the city's knowledge-based economy.

The disparities in income, housing and education captured in these data raise a number of questions for Cambridge residents and other local stakeholders. Is there a way for a community's increasing prosperity to be accessible to the full breadth of its citizens? Cambridge has grappled successfully with social inequalities in the past. Can it develop an answer to this question, which is becoming a question for many communities in our country?

Examining income, housing and education in Cambridge today, this report reveals a city facing critical questions about equality and opportunity. The answers to these questions will shape the city's future.

Perhaps the answer to these larger questions lies in developing smaller, more practical questions:

- What would it take to build connections and develop systems into the innovation economy for our children, youth and adults?
- What can be done to build income, assets and wealth equity? How might we retain our middle class working households, who so often form the glue of a community?
- How might we deal with the linked issues of housing and transportation that enable housing choice in the city and the region to feed the needs of the economy and provide access to opportunity?
- How can the city's nonprofit sector work with city government, universities, and the private sector in new partnerships that would build the skills of the local workforce to benefit both workers and employers?

These are important considerations. We are a small city, and our problems are manageable. While some of the challenges we face may require a regional response, Cambridge's dominant position in the new technology economy requires that we engage with the cities and towns beyond our borders to find solutions. We have the opportunity to create a community where prosperity is shared and to become a model for the dozens of cities across the country facing the unexpected challenges of success.

If Cambridge is to take the lead in tackling the issues now affecting our community, it needs to begin with a shared understanding of the challenges and opportunities. With the assistance of the City of Cambridge and the Metropolitan Area Planning Council, this report seeks to set out the key indicators of our current situation. These will serve as a basis for discussion and as the foundation of a new, shared action agenda.

The Cambridge Community Foundation has deep-rooted relationships and a long history as a key stakeholder in this community. It is our belief that this city has the civic capacity and the generosity of spirit to confront the downside of the great upside that is carrying the city's creativity to new heights. It has the resources, the brainpower, the belief in social justice, and the activist tradition to develop solutions to today's problems. Please join us in a discussion to shape our community's future.



Photo by Richard Howard

A rich and complex urban mix defines Cambridge's appeal. The flavors of the world are available in cafés and restaurants, and shops draw foot traffic. Central Square is a cultural hub and a flourishing business district.

Acknowledgements

The Cambridge Community Foundation wishes to thank the donors who make the work of the Foundation possible.

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Trustee, Cambridge Community Foundation;
President and CEO Cambridge Trust Company

Nan Stone

Overseer,
Cambridge Community Foundation

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Photo provided by Cambridge Nonprofit Network

Learning about volcanoes is awesome!

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Photo provided by The Possible Project

The Possible Project in Central Square brings young people together, trains them to be entrepreneurial-minded problem solvers and helps them cultivate the skills and mindset needed to thrive in the innovation economy.



Photo by Romane Vysatova

Our city is booming, but it is clear that the prosperity of the new era is being shared very unequally across the full community. We believe that Cambridge is a city with the resources, the brainpower, the belief in social justice, and the activist tradition to develop solutions to today's problems. Please join us in a discussion to shape our community's future.



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