

Equity & Innovation Cities

The Case of Cambridge

A Research Report • Executive Summary



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For more than three centuries, Cambridge has been considered an education mecca. And now, the city has joined the ranks of 25 leading innovation capitals in the country — urban centers like San Francisco, Seattle, Denver, Austin, and Nashville — that have high concentrations of entrepreneurship, venture capital expenditure, and start-up activity, particularly in fields like tech, biotech, and the life sciences.

Powered by the city's famous universities and the talent they bring, in addition to massive private investment, the positive changes in Cambridge have been striking. But not everyone has shared the prosperity and opportunities this new paradigm has brought.

To help examine both sides of the coin — and facilitate a dialog among various stakeholders, from politicians and philanthropists to faith leaders and community members — the Cambridge Community Foundation is releasing a report entitled *Equity and Innovation Cities: The Case of Cambridge*. The report compares 25 innovation cities to show where Cambridge stands nationwide, examines how far it has come since the Great Recession, and considers where it needs to seriously improve to benefit all Cantabrigians.

The report brings together, perhaps for the first time, income data that separates Cambridge's population of 118,000 into five equal portions, or quintiles, categorizing each by its household income. Viewing the community in this way — rather than as the wealthiest 1 percent versus the rest — makes clear that Cantabrigians across the spectrum are facing starkly different circumstances; life is getting easier for some while becoming an increasingly uphill climb for others.

Among the report's findings: Though Cambridge is by far the smallest of the 25 innovation cities in terms of population, it is the leader in innovation-sector employment, with nearly a quarter of adults working in software development, biotech, or another cutting-edge field. Wages earned by Cambridge workers, increased by 55 percent overall since 2010, but these gains are not shared across the quintiles or by all groups. For example, the median annual household income is \$95,400; but for Black Cantabrigians, the median income is roughly a third of that, at \$33,440.

The “new Cambridge” that is emerging is younger, more highly educated, more mobile, and more diverse, but it is displacing many long-standing community members. Diversity is increasing, but the share of the Black population has declined, and people of color are concentrated in the lowest income quintile, with a full 40 percent of the Black population residing there.

Middle- and low-income populations have declined dramatically since 2010, and the majority of people in the bottom quintile are paying 50 percent or more of their income for housing. With a median home value of more than \$700,000, Cambridge has the third highest real estate prices among the 25 innovation cities, as well as the highest median rents, at more than \$2,500 a month for a two-bedroom unit — nearly double the innovation-city median. Cambridge has done a lot to address the need for affordable housing, but the demand outpaces production. Since 2010, as the city’s total population has increased by almost 20,000, the total number of housing units has increased by only a tenth as much.

Eighteen percent of adults in the lowest income quintile lack a high school diploma, up from 14 percent a decade ago, and half of adults lack a post-secondary degree. Among working adults in the lowest income quintile, employment in health care support and food service are dominant occupations. Not only is the current population lagging behind, but racial disparities in education risk leaving the next generation out of the innovation-hub gains.

In many ways, Cambridge is a deeply progressive city, where government-led efforts range from participatory budgeting and affordable housing development to comprehensive support for single mothers and trainings in anti-racism and racial equity in the public schools. For a city so proud of its perspective on virtually every social and political topic, these numbers reveal some shocking truths.

The COVID-19 pandemic altered Cambridge in 2020, closing small businesses and increasing economic insecurity for families — but it also highlighted trends that were already in full swing. These cracks in our civic foundation threaten the very things that make Cambridge special — its diversity of people, households, race, income, ideas, and businesses, as well as the sense of community that comes with being a place that is welcoming and accessible to all.

Solutions begin with data. The Cambridge Community Foundation believes a larger collective conversation is needed to address the trends that have transformed the city in the past decade and are expected to continue to shape its future. The Foundation sees the Equity and Innovation Cities report as a platform for common knowledge that can be used to bridge sectors and forge solutions.

Change has come to Cambridge. Together, we have the power to address the inequities change brings and take actions to ensure the prosperity is shared — by all the people of Cambridge.