



# City of Cambridge

## Executive Department

**YI-AN HUANG**  
City Manager

CMA 2025 #108  
**IN CITY COUNCIL**  
April 28, 2025

To the Honorable, the City Council:

Over the last six months, we have had an incredibly robust budget process with detailed presentations and discussions at Finance Committee on November 20, December 11, February 26, March 27, and April 16. This has been our collective goal – to create greater transparency and engagement on the budget – and is appropriate given the rapidly changing economic conditions we are facing as a City.

Over the last ten years, Cambridge experienced tremendous growth, with increasing revenues allowing for investments in new school buildings, improved street and sewer infrastructure, tripling funding for affordable housing, and launching major new programs including universal pre-kindergarten, community safety, expanded after-school, and urban forestry. The challenges of the pandemic were balanced by federal ARPA funding, and we invested \$88 million across a wide range of programs that directly support the most vulnerable in our community.

However, we are now facing the most significant financial inflection point in decades. Cambridge's commercial property market is weakening, marked by rising vacancies, falling property values, and a slowdown in new development. One-time ARPA funding is ending. Federal funding cuts and staffing reductions across major agencies and programs are creating tremendous uncertainty. Targeted attacks are ramping up on the universities and research grants that represent the core foundations of our community and local economy. It is within this overall context that we are making decisions about FY26 and beyond.

Over the last two Council meetings on April 7 and April 14, we have been focused on the planned closure of the Transition Wellness Center (TWC), a 58-bed individual adult homeless shelter that was part of our pandemic response. This was never intended as a permanent shelter facility, but recognizing the underlying community needs, additional ARPA funding was allocated to extend the initial one-year contract to three years, ending in June of this year. When the City extended the closing date for TWC to June 2025, the timing aligned with the planned opening of the 62 units of housing at 116 Norfolk Street.

The residents of TWC were expected to be the priority population for that site. For compelling reasons, shelter providers and advocates for the unhoused community pushed the city and the Housing Authority to expand priority to include individuals who were staying in any of Cambridge's shelters. This reflected the fact that in many instances chronically homeless individuals staying in Cambridge shelters have stayed at several different sites and in unsheltered situations. The chart below shows the most recent shelter stay of the individuals who have been housed in the last six months at 116 Norfolk Street, 16-18 Wendell Street and 35 Harvey Street. The Department's Continuum of Care website provides detailed information about the number of exits from each shelter for different types of destinations.



Prior Enrollment	116 Norfolk*	16-18 Wendell	35 Harvey	Total
240 Albany	14	1	2	17
First Church Shelter	6			6
Green Street	8	5		13
HSHS	2	1		3
Harvey returns			6	6
Salvation Army	7	2	1	10
TWC	13	3	3	19
Unsheltered	7	13		20
Warming Center	2			2
Y2Y	2			2
Total	61	25	12	98

\* The Norfolk Street data includes information on 19 people who are in process but not yet moved in.

I appreciate the challenge that the closing of TWC represents. We are in a housing crisis and the number of unhoused individuals and families has risen nationally and locally. The stories of people who are staying at the TWC are moving and their presence at public comment has brought forward the needs of the unhoused community. In the last six months, 96 PSH units have come online to provide pathways out of shelters and long-term homelessness. The City's investments to support the development of these properties along with the support for the critical services to facilitate successful placements and tenancies represent our commitment to supporting individuals who have been caught in cycles of chronic homelessness by investing in evidence-based housing interventions.

City staff, Bay Cove and partner organizations are actively working to find placements for the remaining residents at TWC. Currently there are 20 residents without a permanent housing placement in process. Some of the guests without a firm exit plan in place are actively pursuing placements, some have declined offers for PSH referrals, some have not engaged in seeking alternate placements for a variety of reasons, and others have simply not been homeless long enough to have been prioritized for limited PSH units. City staff are facilitating communications with other shelters in Cambridge to assist Bay Cove in finding alternate shelter placements for the remaining residents, Bay Cove is actively working with all guests to assist in finding placements, and the City is working with Bay Cove to explore increasing bed capacity at 240 Albany Street.

Cambridge has made tremendous investments to support the unhoused community. Since 2018, the City has funded the operation of a 30-bed low-threshold winter warming center. In 2023, the City stepped in to directly fund the 35-bed Salvation Army shelter, which had lost its state funding. This \$1 million per year commitment continues to be part of the City's operating budget, including in FY26. We invested over \$20 million of ARPA funding toward housing and homelessness, and we are planning to continue funding \$1.6 million of programming. The City plays a key coordinating role across major federal grants to provide homeless services, and directly funds street outreach, rental assistance to prevent evictions, and housing navigation. And as part of providing pathways out of homelessness, the City has committed \$18.5 million into the creation of 96 units of permanent supportive housing with services, which opened over the last year and now house many of the people who stayed at the TWC and other shelters in Cambridge. In terms

of scope and depth of services and programs, Cambridge is doing more than any other municipality in the Commonwealth.

As we enter financially difficult times, the challenge is that there are too many good ideas and important causes for us to tackle as a City. I continue to believe our existing plan is the right use of City resources. The TWC is an expensive model that was created during a crisis – we have spent over \$10 million on 58 beds of temporary shelter while with a one-time \$10 million investment at 116 Norfolk Street, we leveraged additional public and private funding to create 62 beds of permanent shelter that will continue to serve people for decades. I also continue to believe that our role as a City should be focused on rental assistance to prevent evictions and the creation of new housing, and that it's a state responsibility to provide for temporary shelter distributed across the Commonwealth. Cambridge is doing more than its fair share – we already host more individual adult shelter beds per capita than any other city in the Commonwealth and are preparing to again host a family temporary respite shelter for 200 people. I remain confident that there are no comparable cities doing more to support the unhoused than Cambridge, and that while this is a hard decision, it is important as we prioritize our more constrained resources.

I'm grateful for the robust and thoughtful discussions with the City Council. Over the last weeks, we have discussed our overall work on homelessness at Human Services Committee on April 10, our budget priorities at Finance Committee on April 16, and the feasibility and scope of a potential Rise Up successor program at Human Services Committee on April 17. The Council has pushed for greater engagement on the budget, and I've worked hard to provide transparency into these important decisions.

Fiscal responsibility has been a key part of our ability to make investments, and moderating our budget growth is critical as we face economic headwinds. Despite this, City leaders and I believe that allocating \$5 million of free cash to address the challenges and uncertainties we are facing is an important action. The reality is, there are already more programs being threatened by federal cuts than this amount would support, even before considering new initiatives. And while Cambridge remains in a healthier financial state than other cities, we do not anticipate being able to absorb more than \$5 million in the subsequent FY27 budget. In fact, our projections for FY27 may already be on the optimistic side.

I would therefore respectfully request and recommend that the City Council:

- Support the City's original decision not to prioritize new funding for the Transition Wellness Center beyond the allocation provided through ARPA.
- Support the appropriation of \$5 million of Free Cash into a Federal Funding Stabilization Fund. This fund will require further Council discussion and approval to appropriate before any allocations are made to specific programs or purposes.
- Proceed with discussions following the process laid out at the April 16 Finance Committee meeting to prioritize potential new programs, recognizing that we face significant risks of federal funding reductions in the upcoming fiscal year.

Thank you for these important discussions.

A handwritten signature in black ink, appearing to read 'Yi-An Huang'.

Yi-An Huang  
City Manager