



City of Cambridge

Executive Department

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City Manager

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To the Honorable, the City Council:

As I have in the past, I'm pleased to provide an update on the first half of 2025 as we enter the summer session.

Federal Challenges and Uncertainties

The predominant topic of conversation feels like the period of federal challenges and uncertainties that we are living through.

Our core focus will always be our local responsibilities first - that the trash is picked up, sewers are fixed, water is clean, streets are safe, trees are planted, small businesses are thriving, families are supported, and so much more. Yet, we are seeing how important the federal government is in all of our work. During the global pandemic or during national financial crisis, the federal government was our backstop, providing funding relief to mitigate the worst impacts of these disasters. Today, we are sadly finding that the uncertainty and harm we are facing is coming from the federal government.

Federal updates have become a regular agenda item at our City Council meetings, and the major challenges we are facing have become clear. There has been persistent pressure on the core strengths and foundations of Cambridge and Massachusetts - our welcoming community that bring the best from all over the world, our pride in, and elevation of, our diversity; our unwavering dedication to supporting the most vulnerable members of our community; our inclusive and equitable culture that seeks to honor our differences, our world-renowned universities, and our ecosystem of research and innovation.

We are working to defend each of these. We have filed joint lawsuits with other cities and counties around the country to challenge Executive Orders that we believe are unlawful. We have held Know Your Rights Trainings for our immigrant communities and spoken out with other municipal leaders against actions of federal agencies: detaining bystanders without explanation, failing to follow due process, and not maintaining appropriate use-of-force. We have continued to hold events celebrating Pride and Juneteenth, and we are not backing down from the importance of diversity, equity, and inclusion. We have submitted amicus briefs to support our local universities.



No matter the challenges or persistent pressures, one thing is clear: we will continue to stand firm for our values and the community we proudly serve.

But there have been signs of hope. Courts have time and time again ruled in favor of due process and habeas corpus, and while there have been delays, the federal administration has ultimately complied with important court orders. Detainees have been returned to the US and many have been released. Injunctions have been issued to stay the most harmful consequences. And judges have been willing to exercise independent oversight despite political pressure and threats.

I have also seen us come together with a willingness to link arms and speak with one voice. As one of the co-chairs of Metro Mayors, a coalition of Greater Boston cities and towns, we have been discussing these challenges and recently issued a joint statement speaking out against many of ICE's recent actions with 14 community chief executives signing on. This is a time when speaking together and supporting each other is more important than ever - especially when harm is concentrated in a few of our communities. It is together that we will be stronger.

And finally, I'm so grateful for this City Council as we have wrestled with the difficult decisions to come. The Council has played a leading role in setting and maintaining policies that proactively reinforce our values as a community. Our conversations have been full of conviction and also the complexity and nuance that is needed in these times.

Our Local Democracy

Earlier this year, the City Council unanimously passed a proposed new City Charter to the State Legislature for approval. This has been the culmination of more than two years of work, starting with the appointment of a Charter Review Committee of residents in August 2022, who produced a final report of their recommendations in January 2024, and then the Council's own process to determine what should be included in their proposal. If the State Legislature approves and the Governor signs, the new charter would go on the ballot and into effect if approved by a majority of Cambridge voters.

Much of our existing government structure would remain the same. The main changes include having the School Committee elect its own chair instead of the Mayor automatically serving as chair, expanding Council approval of appointments for all members of boards and commissions, and updating the text for modern, more inclusive language.

No form of government is perfect, but over the last three years, I have come to appreciate the beauty of our system of shared power. We have placed political decisions not to one person, but to nine Councilors elected at-large through ranked choice voting. Elections are competitive and candidates knock on thousands of doors every two years to make their case and hear from constituents. As a result, our City Council better reflects the diversity, demographics, and political opinions of our community than most cities - and in our annual resident survey, we consistently rank as one of the most politically engaged communities, with 45% of respondents having contacted a City Councilor!

A healthy democracy doesn't mean that everyone is able to get what they want (though we have worked hard to find consensus where we can!). A healthy democracy means that the most important decisions are debated and voted on in open City Council meetings and that the City administration has the latitude to provide its professional expertise. We have had difficult debates - from budget priorities to housing policy to bike lanes - and I'm proud that so many voices are heard every week and we have a public forum that is transparent and accountable.

Affordable Housing

The number one concern in our resident survey every year is affordable housing.

A recent Boston Globe article highlighted the housing crisis in one chart: the ratio of the median price of a new home relative to the median household income. In Massachusetts in 1980, this ratio was 3.0 and has grown to 6.3 in 2025. In Cambridge, that ratio is now 10. What that means is if a Cambridge family is saving aggressively - putting away 10% of pre-tax income to save for a 20% downpayment, it would take 20 years to buy a new home in Cambridge. It puts numbers to what we know intuitively - if you don't have generational wealth, there's no possibility to buy a home in our City. Meanwhile, the rental market is no less challenging, averaging more than \$3,500 per month with a vacancy under 4%.

The City Council and the City have made tremendous policy changes and resource investments to address affordable housing. In so many ways, we are leading the country. Ordinance changes have included significant new bonuses to constructing 100% affordable housing that have made affordable projects more viable and deliver more units to families in need. Parking minimums have been eliminated, allowing greater flexibility for projects to build near rapid-transit without allocating space to surface parking - and a recent report showed that when it makes sense, developments have continued to provide for parking. The City continues to allocate more than \$40 million per year to the Affordable Housing Trust for the preservation and construction of affordable housing, and over the last three years, we have made a record number of land purchases across the City for new 100% affordable developments.

Earlier this year, the City Council passed Multi-Family Housing Zoning that provides significantly more flexibility to build new housing with additional height and density across our community. I'm grateful for the constructive debate, the engagement with our community, and the partnership with City staff over more than a year to complete this work. We reviewed data and projections, argued about trade-off's, and made adjustments. And this new policy meets the moment. As we have seen the housing crisis deepen, we need to address the underlying restrictions that have made it so difficult to build new homes - and updating our residential zoning has been an important step.

We are also seeing other communities step up, passing new zoning and welcoming new housing developments. It will take all of us across the region, and I'm proud that as usual, Cambridge is leading the way.

FY26 Budget

The City Council adopted the FY26 Budget on June 2 and I'm grateful to the City Council, community members, and all the City leadership and staff who worked so hard throughout this process.

I'm grateful for the partnership with the City Council and our Finance Chair Patty Nolan. Each year, we have worked to bring more transparency to the budget: starting the process earlier, discussing our longer-term projections including assessments of our local economic conditions, and holding open budget hearings to review how our public dollars are being spent.

This was a difficult budget given the economic uncertainty we are facing as a City. Even before the new federal administration started, the City had projected an economic inflection point as development across the region slowed in response to higher interest rates, higher construction costs, and growing office and lab vacancies. Our ability to sustain existing programs and invest in new initiatives will depend on preserving our financial strength and we agreed to set targets for budget growth going forward. In addition, the federal ARPA program is winding down. This pandemic funding provided \$88 million

dollars for the City and community partners to invest in everything from cash transfers to low-income families, to homeless services and shelter, to new nonprofit programs. But the scale of the program is beyond the City's capacity to backfill and over the coming year, we will see much of that money spent down.

The FY26 budget therefore reflects fiscal moderation. We met our target, discussed with the City Council in the fall, and approved a budget that grew 3.8% in FY26, compared to 8.1% in FY25, 7.2% in FY24, and 7.1% in FY23. Yet we remain committed to the critical investments and programs that the City has always supported - and have maintained significant funding across the Council's priorities. Planned expenditures in FY26 include \$49 million of funding toward affordable housing, \$17 million toward homelessness, \$17 million toward economic equity and opportunity, \$18 million toward our Climate Net Zero goals, \$21 million toward climate resilience, \$35 million toward universal pre-kindergarten, and so much more.

In addition, this budget also reflects changes as a result of Council direction. There was significant concern from the Council to invest more in homeless services given the planned closing of the Transition Wellness Center homeless shelter. We added \$1 million to the budget to create additional municipal housing vouchers to transition more people out of homelessness and into permanent supportive housing, which also addresses the Council's desire to pilot municipal vouchers. This is in addition to investments of more than \$18 million of funding from the Affordable Housing Trust, through which we have funded three projects that built a total of 96 new units of permanent supportive housing across the City. Finally, we have also allocated \$5 million of Free Cash to a Federal Grants Stabilization Fund, recognizing that there are significant threats of funding cuts from the federal government, targeting especially programs serving the most vulnerable.

I'm grateful to City leaders and staff and the Budget and Finance team for all of their work throughout this process, and for the City Council as we have built a more transparent and engaged process. As we enter this coming year, it will be even more important to have Council and community conversations early and often as we assess the impact of potential federal funding changes and how they may affect our community. And as with all our efforts, we will do face our challenges together.

Closing

There is so much amazing work happening across some of our most complex and difficult challenges and I'm always impressed with the hard work and thoughtfulness that our departments bring every day. Thank you to the City leaders and staff who are making our community stronger and better.

Thank you to the Mayor, Vice Mayor, and Councillors for their hard work, passion, and public service. I'm grateful for the privilege to serve and for all the work we get to do together.

And thank you to all in our community who speak up, engage, and make us better.



Yi-An Huang
City Manager