



CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT

MICHAEL ROSENBERG,
Assistant City Manager for
Community Development

MARY FLYNN,
Deputy Director for
Community Development

TO: Robert Healy, City Manager

FROM: Michael H. Rosenberg 
Assistant City Manager, Community Development

SUBJECT: New Resources for Economic Development

DATE: March 4, 1994

Summary After years of cutbacks in support for community and economic development, important tools and resources are now becoming available from new federal and state programs. In fact, initial submission dates for participation in these programs are approaching, and if the City is to benefit, involvement from all sectors of the community -- elected officials, staff, citizens, business and institutions -- is critical. (Please see the attached resolution.)

There are two programs we believe Cambridge should apply for aggressively: the federal "Enterprise Communities" program, and the Commonwealth's "Economic Development Incentive Program." These applications are closely linked. To obtain federal designation as an "Enterprise Community," it is necessary to receive state approval. The Weld administration requires designees to apply for participation in the state's Economic Development Incentive Program. Combining resources from the federal and state programs, as well as city initiatives such as our job training and business financing programs, will increase the impact and effectiveness of all efforts.

Background As you know, the City has suffered along with the region through several years of sustained recession. While some sectors of the economy have prospered, such as biotechnology and smaller software firms, many major employers (the universities, Lotus, BB&N) are static or declining. Residents dependent on low to medium-skilled jobs in particular remain disadvantaged in this economy. To benefit them, and to ensure a stream of tax benefits sufficient to maintain our high level of services, we need to continue focusing strategically on economic development. The new federal and state initiatives can provide critical tools and resources for doing this.

Enterprise Communities This new HUD program combines federal grants and tax exempt bonding to strengthen and revitalize communities. States with designated Enterprise Communities will receive up to \$3 million per municipality to fund activities identified in each community's strategic plan. The plan must address economic opportunities, through job creation, entrepreneurial initiatives, small business expansion and training for jobs offering upward mobility. The plan must also be based on partnerships among affected citizens, community agencies, business people, educators, banks and government. It must provide for "sustainable community development," through coordinated economic, physical, environmental and human development, and

extend a "strategic vision for change," which identifies goals and builds on the community's assets.

Within the area nominated for the program, funds may be used for a great variety of activities, including job training, social services, housing, and purchase or improvement of land. Enterprise Communities also become eligible for tax exempt facilities bonds for certain business activities. Successful grantees receive greater funding consideration for other federal initiatives, including National Service.

Eligibility: Areas are eligible on the basis of high poverty levels. By these criteria, only one Cambridge census tract (#3524, see attached map and profile) qualifies. This tract, which includes portions of Area IV and Wellington-Harrington, is highly appropriate for the federal program. It includes two large CHA developments (Washington Elms and Newtowne Court), a large minority and immigrant population, and high levels of poverty and unemployment. Yet it also includes the employers of Kendall Square, ranging from biotechnology and hotels to health care providers. Matching people with job opportunities would be an excellent use of the program's resources.

Economic Development Incentive Program This new state program helps cities to stimulate economic development by attracting or expanding business, using "tax increment financing" and related tools. It requires assisted businesses to create new jobs and/or facilities, rather than moving existing ones from elsewhere in the Commonwealth. Coordination of assistance with job training and placement is also mandated. To be eligible, a municipality (or a group of cities) must be approved by the newly appointed "Economic Assistance Coordinating Council," which reports to the Massachusetts Office of Business Development. The approval process occurs on three levels:

1) **Economic Target Areas.** One or more cities (or portions consisting of three or more neighboring census tracts) is designated an Economic Target Area (ETA) if it meets certain tests based on income, poverty, unemployment, job loss or commercial vacancy rates. The state will give preference in granting or loaning funds (for housing, economic development and infrastructure) to approved ETAs.

2) **Economic Opportunity Areas.** These are the sections of the community, within the larger target area, which will receive economic assistance. A locality can nominate an unlimited number of Economic Opportunity Areas (EOAs); they remain eligible for a period of five to twenty years. EOAs are judged eligible on the basis of physical unsuitability for development, or "blighted, decadent or substandard" conditions.

3) **Projects.** Specific businesses or facilities within an EOA may request certification for assistance from the Coordinating Council. The City need not have specific project proposals ready at the time it applies for ETA and EOA status. They can be nominated over a 20 year time period, if necessary.

Eligibility. We propose to designate the entire city as an Economic Target Area on the basis of job loss, poverty rates and household incomes relative to the Boston metropolitan area. We then propose to consider each of the city's older industrial and commercial districts to determine which of these should be nominated as Economic Opportunity Areas, with the actual nominating occurring over an extended period. Council action will

be needed for the nomination of each Economic Opportunity Area before submission to the state. If we requested ETA status for a small group of census tracts only, e.g. in Area IV and Cambridgeport, we could not benefit Alewife and neighboring residents in the Rindge Towers/Jefferson Park area. Citywide targeting will help to leverage greater resources for the federal area (tract 3524, in Area IV and Wellington-Harrington) and extend benefits to other low income areas of the city.

Timeline The deadline for application to the first round for ETA designation is April 1. Since only 20 ETAs will be selected statewide, we believe it is vital to apply as early as possible. As noted, this is a hurdle that must be surmounted before federal approval can be granted. The state also requires 60 days time to review the federal application prior to submission. This means that materials for the Enterprise Communities, while due in Washington on June 30, must be turned in to the state by May 1. Prior to that time, a tremendous amount of staff time must be devoted to a community planning process, in concert with the CHA, Department of Human Service Programs and all interested sectors of the community, including the Council. The April 1 application to the state does not obligate the city to any financial commitments or relationships with particular firms; it merely puts us in the running for state and federal consideration.

I realize that this is somewhat short notice for an important proposal which involves a significant commitment of staff time and resources; however, the federal and state programs were only recently announced, and continue to be refined. In fact, the state transmitted its new Economic Development Incentive Program guidelines only this week. I believe that if we apply successfully for these programs, they will provide tremendous benefits to the residents and businesses of Cambridge for years to come.

Profile: Census Tract 3524

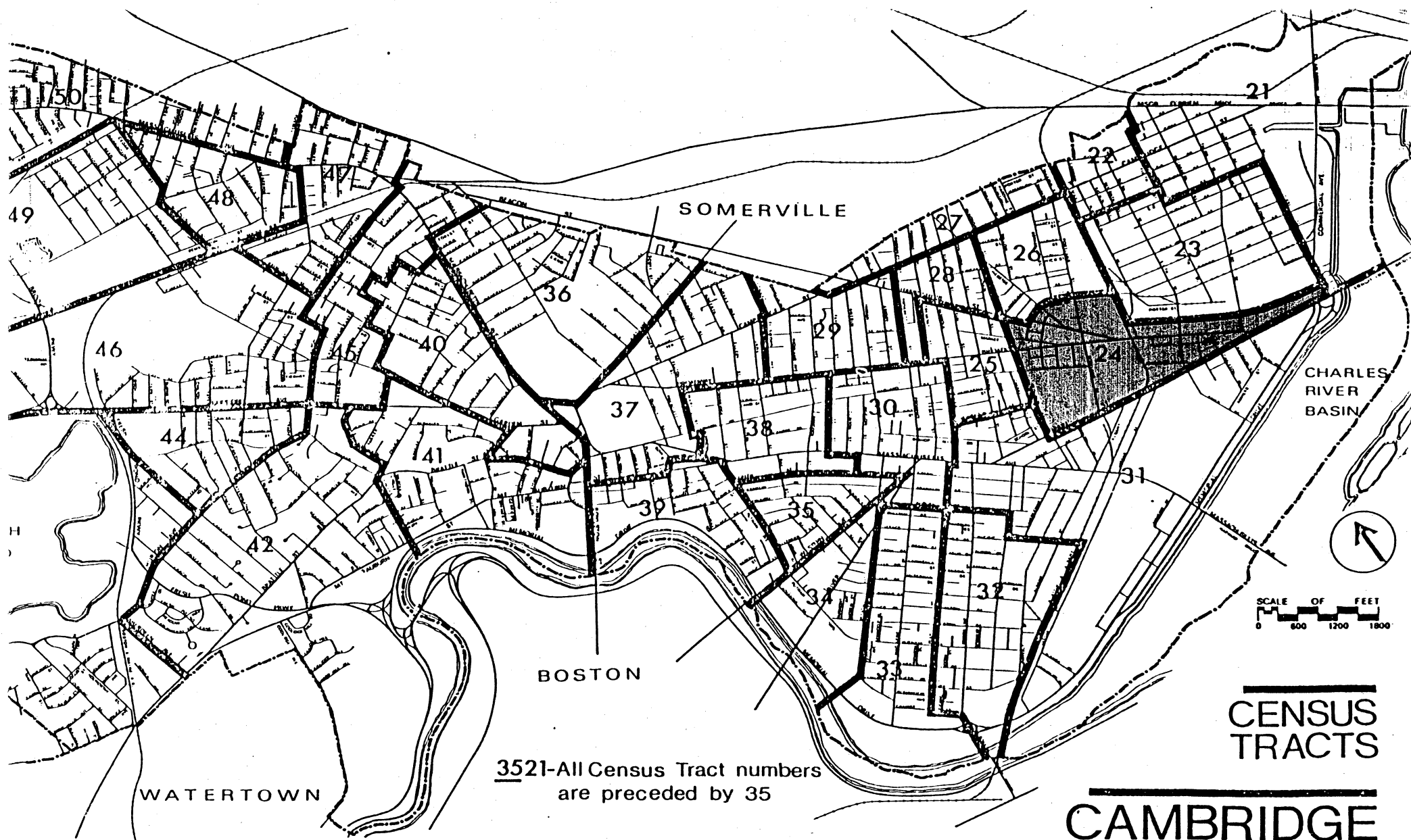
Population Characteristics

	Tract 3524		Cambridge	
	1980	1990	1980	1990
Total Population	2,008	2108	95,322	95802
% Change		5.0%		0.5%
White, Non-Hispanic	43.9%	31.5%	79.5%	71.6%
Black, Non-Hispanic	33.4%	39.5%	10.6%	12.7%
Native American	0.0%	1.0%	0.1%	0.2%
Asian/Pac. Islander	4.5%	5.8%	3.8%	8.3%
Other Race	1.1%	0.3%	1.2%	0.4%
Hispanic	17.1%	21.9%	4.8%	6.8%
Minority	56.1%	68.5%	20.5%	28.4%
Foreign Born	22.0%	34.2%	18.4%	22.3%
Speaks Language Other than English at Home	30.7%	48.0%	17.8%	24.9%
Household Composition	Tract 3524		Cambridge	
	1980	1990	1980	1990
Total Households	747	711	38,836	39,405
% Change		-4.8%		1.5%
Persons/Household	2.69	2.96	2.13	2.08
% Family Households	67%	71%	46%	45%
% Couple w/children	15%	15%	14%	13%
% Couple w/out children	9%	9%	18%	18%
% Single parents	29%	37%	6%	7%
% Other family households	13%	10%	8%	6%
% Non-Family Households	33%	29%	54%	55%
% Single person households	25%	21%	42%	42%
% Roommates	8%	8%	12%	13%

Profile: Census Tract 3524

Socioeconomic Characteristics

	Tract 3524		Cambridge	
	1980	1990	1980	1990
Median Household Income	\$7,014	\$19,009	\$14,211	\$33,140
Median Family Income	\$6,141	\$17,382	\$17,845	\$39,990
Per Capita Income	\$3,561	\$7,998	\$7,957	\$19,879
% Persons below Poverty	44.5%	28.5%	15.1%	10.7%
% Families below Poverty	41.0%	30.0%	11.0%	7.2%
% Female-headed Households below Poverty	49.0%	48.5%	23.4%	20.3%
% Persons 16 & older in the Labor Force	58.8%	59.7%	63.1%	68.3%
% Unemployed	12.8%	13.2%	4.5%	5.1%
% with less than HS/GED	44.9%	35.5%	23.8%	15.6%
% with BA/Grad Degree	17.2%	22.7%	43.1%	54.2%
% in Professional Occupations	10.0%	15.4%	28.7%	31.2%
% in Service Occupations	16.9%	26.7%	13.4%	11.4%
% in Semi-skilled/Unskilled Occupations	34.3%	12.5%	10.1%	6.0%



3521-All Census Tract numbers
are preceded by 35

CENSUS
TRACTS

CAMBRIDGE

Community Development Department 1976



City of Cambridge

IN CITY COUNCIL
March 7, 1994

- WHEREAS: In the 1980's the City of Cambridge benefitted from Federal and State programs that promoted strong economic development to provide job opportunities for Cambridge residents, encourage new businesses to locate here, assist in the development and growth of existing Cambridge businesses and expand the tax base, thereby providing funds to finance needed city services; and
- WHEREAS: The Clinton/Gore Administration has recently announced the Empowerment Zone/Enterprise Communities Program, a critical element of the Administration's community revitalization strategy; and
- WHEREAS: The Program is based on four key principles: Economic Opportunity, Sustainable Community Development, community-Based Partnerships, and Strategic Vision for Change; and
- WHEREAS: The City has one census 3524 tract, which includes parts of Neighborhood 4, Wellington-Harrington Enterprise Communities Program; and
- WHEREAS: The Program will provide 65 designated communities up to \$3 million in Enterprise Community - Social Service Block Grant funds, based on activities to support the creation of jobs and other activities identified in a Strategic Plan developed through an extensive public participation process; and
- WHEREAS: An Enterprise Community Designation will provide the community special consideration in competition for other Federal funds; and
- WHEREAS: The City of Cambridge must be nominated by the Commonwealth of Massachusetts to participate in the Federal Program; and
- WHEREAS: The Commonwealth of Massachusetts has established an Economic Development Incentive Program to promote economic development; and
- WHEREAS: Participation in this program will provide the City consideration in competing for State funds; and
- WHEREAS: The first step to participate in these programs is to receive State designation as an Economic Target Area; and

WHEREAS: The Commonwealth expects to designate up to 20 target areas across the State;
and

WHEREAS: Both the Federal and State programs will greatly assist the City in achieving its
economic development goals; now therefore be it

RESOLVED: That this City Council supports the initiation of the required planning processes
to develop an application for a Federal Enterprise Community designation; and
be it further

RESOLVED: That this City Council supports the preparation and submission of an application
for designation by the Commonwealth as an Economic Target Area.

In City Council March 7, 1994

Adopted by a yeas and nays vote:-

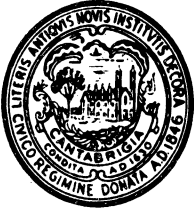
Yeas 9; Nays 0; Absent 0.

Attest: D. Margaret Drury, City Clerk

A true copy;

ATTEST:-

D. Margaret Drury
D. Margaret Drury
City Clerk



CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139

TEL. 349-4300
FAX. 349-4307

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

March 7, 1994

To The Honorable, The City Council:

Attached for your information is a report from Michael Rosenberg, Assistant City Manager for Community Development relative to the new resources for Economic Development.

Very truly yours,

Robert W. Healy
City Manager

RWH/mev
attachment

S-89

Consent Agenda #15

Transmitting comm. from R.W. Healy relative to a
report on the new resources for Economic Developemnt.

In City Council March 7, 1994

Order adopted
9-0-0.