FILE NO. 6401
REQUEST FOR PROPOSALS FOR A CONSULTANT TO Analyze the Relationship between Non-Residential Development and the Cost and Supply of Housing in the City of Cambridge, Massachusetts

Sealed proposals will be received at the Office of the Purchasing Agent, Room 303, City Hall, 795 Massachusetts Avenue, Cambridge Massachusetts 02139 until 11**:00 AM on May 29, 2014** for providing the following services to the City of Cambridge:

> The City of Cambridge ("the City") is seeking proposals from a consultant team or individual consultants ("Consultant") to conduct a study of the nexus between non-residential development, the resultant increase in employment, and the impact on housing supply and costs in Cambridge in order to recommend changes to the City's Incentive Zoning Ordinance, analyze the appropriate contribution necessary to mitigate this impact, and consider the types of special permits which are subject to the Incentive Zoning Ordinance (the "New Incentive Zoning Nexus Study").

Copies of the Request for Proposal may be obtained at the Office of the Purchasing Agent on or after April 28, 2014 from 8:30 a.m. to 8:00 p.m. on Mondays, Tuesday through Thursday from 8:30 a.m. to 5:00 p.m., and Fridays from 8:30 a.m. to noon. This RFP may be downloaded from the City's website: www.cambridgema.gov, online services, Purchasing Bid List, Current Bid List, Regular RFP, File No.6401. The City reserves the right to reject any or all proposals, waive any minor informalities in the proposal process, and accept the proposal deemed to be in the best interest of the City.

There must be no mention of the applicant's fee in the proposal. Any mention of the fee will subject the proposal to rejection.

Questions concerning the Request for Proposals must be submitted in writing by 4:00 p.m. on **Wednesday, May 22, 2014** to Michele Kincaid, at the address above or by fax (617) 349-4008. Answers will be sent to all vendors who have registered on the City's website as having downloaded the RFP. Answers will also be posted on the City's website.

Two separate sealed envelopes, a sealed envelope containing one original and seven (7) copies of the non-price technical proposal marked "Consultant for Nexus Study for Incentive Zoning Ordinance Non-Price Proposal," and one envelope containing the price proposal marked "Price Proposal-Consultant for Incentive Zoning Study" must be received by Michele Kincaid, Acting Purchasing Agent, City of Cambridge, 795 Massachusetts Avenue, Cambridge, Massachusetts 02139 prior to **11:00 AM, Thursday, May 29, 2014**. Any proposals received after such time will not be accepted, unless the date and time has been changed by addendum. Delivery to any other office or department does not constitute compliance with this paragraph, unless the proposals are received by the Purchasing Agent by the established deadline.

Michele Kincaid
Acting Purchasing Agent

Confidentiality and Public Records Law

All bids or other materials submitted by the vendor in response to this Request for Proposal will be open for inspection by any person in accordance with the Massachusetts Public Records Law.

Terms and Conditions

The terms and conditions of any contract awarded through this procurement are attached hereto and shall be affirmed by the City and selected proposer.

1. The proposers bid will remain in effect for a period of 90 days from the deadline for submission of proposals or until it is formally withdrawn, a contract executed or this RFP is canceled, whichever occurs first.

2. The Purchasing Agent shall cancel the contract if funds are not appropriated or otherwise made available to support continuation of performance in any fiscal year.

3. A sample contract is attached hereto. The bidder must be willing to sign the City's contract. The City will not accept a bidder's terms & conditions.

4. Rule for Award: The City will award a contract to the proposer submitting the most advantageous proposal taking into consideration the proposals Quality Requirements, Evaluation Criteria and composite ratings, references and price.
   Rates must remain firm or be reduced throughout the life of the contract. A Contract will be awarded within 45 days unless award date is extended by consent of all parties concerned.

5. The City of Cambridge Living Wage Ordinance is applicable. The current living wage rate is $14.71 per hour (the ordinance is attached).

6. The contract period shall commence on the date of execution of the contract by the City of Cambridge or soon thereafter. The project is expected to be completed in approximately six months.

INSTRUCTIONS TO PROPOSERS

1. **Two separate sealed envelopes, a sealed envelope containing one original and seven (7) copies of the non-price technical proposal marked "Consultant for Incentive Zoning Study Design Non-Price Proposal," and one envelope containing the price proposal marked "Price Proposal-Consultant for Incentive Zoning Study"** must be received by the Purchasing Agent, City of Cambridge, 3rd floor City Hall prior to **11:00 a.m. on Thursday, May 29, 2014.** Chapter 30B requires that price proposals must be separate from technical proposals. Therefore please make no reference to price in the non-price technical proposal. Failure to adhere to this requirement will result in disqualification. It is the sole responsibility of the proposer to insure that the proposal arrives on time at the designated place. Parking is limited at City Hall it is strongly recommended that proposals are mailed or delivered in advanced of the due date and time. Late proposals will not be accepted.

2. The signature of the authorized official(s) must be provided on all the proposal forms. All proposals should be double -sided in conformance with the City's recycling policy.

3. The signature of the authorized official(s) should be organized and presented as directed. Accuracy and completeness are essential. The successful proposal will be incorporated into a contract; therefore, the proposer should not make claims that they are not prepared to commit themselves to contractually.

4. The Price Summary Form must be completed as instructed. No substitute form will be accepted. Pricing must remain firm. "The bid submitted must be without conditions or exceptions

5. Failure to answer any questions, to complete any form or to provide the documentation required will be deemed non-responsive and result in automatic rejection of the proposal unless the City determines that such failure constitutes a minor informality, as defined in Chapter 30B.

6. All interpretations of the RFP and supplemental instructions will be in the form of written addenda to the RFP specifications. Requests for clarification or any questions about information contained in the RFP should be addressed in writing to:

   Michele Kincaid, Acting Purchasing Agent
   795 Massachusetts Avenue
   Cambridge, MA 02139.

   or faxed to (617) 349-4008. No requests or questions will be accepted after 4 p.m. on Wednesday, May 22, 2014. Please include the name, address, e-mail address, telephone number and fax number, if available, of the person to whom additional information should be sent. Any information sent to one proposer will be sent to all proposers.

7. Proposals must be unconditional. However, prior to the proposal opening proposers may correct, modify, or withdraw proposals by written request to Michele Kincaid, Acting Purchasing Agent, City of Cambridge, Room 303, City Hall, 795 Massachusetts Avenue, Cambridge, MA 02139. A letter will be sufficient for withdrawal of a proposal up the date of the proposal opening. Any correction or modification to a proposal must be submitted in writing and in a sealed envelope labeled "Consultant for Incentive Zoning Study- Modification to or Withdrawal of Proposal."

EVALUATIONS OF THE PROPOSALS

All proposals will be reviewed by the Evaluation Committee in accordance with M.G.L. Chapter 30B. Final selection will be based on evaluation and analysis of the information and materials required under the RFP, including information obtained by direct contact with references. The Evaluation Committee will be composed of staff from the City.

Based on the review of the written proposals, certain proposers may be asked to participate in an on-site interview. Proposers should therefore be prepared to travel to Cambridge for this interview. The project manager and other personnel who will be working on the project on a day-to-day basis should be present at the interview. Interview participants will be expected to answer questions from the Evaluation Committee. The City will not assume any travel costs related to these interviews.

References will be contacted to determine if the proposer is responsive and responsible. References will be asked about their over-all impression of the proposer's quality of services performed and the timeliness of service delivery. The City reserves the right to use itself as a reference and contact references other than those submitted by the proposer.

Proposals that meet the Quality Requirements will be reviewed for responses to the Comparative Evaluation Criteria. Each member of the Selection Committee will assign a rating of Highly Advantageous or Advantageous to each comparative evaluation criterion. Based on these evaluation criteria ratings, a composite rating by the evaluation committee will be determined for each proposal.

After the evaluation of the non-price proposals is complete, the price proposals will be opened. The price proposals will be evaluated and ranked by the Purchasing Agent. The contract will not necessarily be awarded to the proposal that receives the highest ranking with respect to the price proposal. The City will award the contract to only one responsive and responsible proposer submitting the most advantageous proposal taking into consideration the proposals' quality requirements, evaluation criteria and composite ratings, interview, references and price. Before awarding the contract, the City may request additional information from the proposer. The City reserves the right to reject any and all proposals if it determines that the criteria set forth have not been met.

PROPOSAL SPECIFICATION AND PREPARATION

All information in the proposal should be organized and presented as directed below. Accuracy and completeness are essential. The successful proposal will be incorporated into a contract. The proposal should provide a straightforward and concise description of the proposal's commitment and ability to perform the services described in this document. To expedite the evaluation of proposals, it is essential that the proposer strictly adhere to the instructions in this part. A proposal may be deemed to be non - responsive, at the Purchasing Agent's discretion, if the proposer fails to comply with the following instructions.

INTRODUCTION

The introductory portion of the proposal must include a letter of Transmittal signed by the individual authorized to bind the proposer contractually. The letter must include: the name of the individual(s) who is/are authorized to negotiate and sign a contract on the proposer's behalf; the name, title, address and telephone number of the individual(s) who can supply additional information and a brief description of the overall services proposed. The signature of the authorized official (s) must be provided on all the proposal forms. All proposals should be double sided in conformance with the City's recycling policy.

Failure to answer any question, to complete any form, or to provide the documentation required will be deemed non-responsive and result in automatic rejection of the bid unless the City determines that such failure constitutes a minor informality, as defined in Chapter 30B.

QUALITY REQUIREMENTS

A no response or a failure to respond to any of the following quality requirements will result in a rejection of your bid. Please use the form provided in this document.

RESPONSES TO COMPARATIVE EVALUATION CRITERIA

This portion of the proposal is intended to present a description of the proposer's qualifications. The proposer should respond briefly to each item listed in the Comparative Evaluation Criteria, and include all requested documentation. When preparing this portion of the proposal, the proposer should clearly identify and respond to each comparative evaluation criteria.

PRICE PROPOSAL FORM

The Price Proposal Form must be completed as instructed. No substitute form will be accepted. Pricing must remain firm throughout the contract. The Price Proposal Forms must be submitted, under separate cover, to the Purchasing Department. The proposer should make no reference to pricing, in any other part of the proposal. Failure to adhere to this may result in disqualification of the proposal.

INTRODUCTION

The City of Cambridge ("the City") is seeking proposals from a consultant team or individual consultants ("Consultant") to conduct a study of the nexus between non-residential development, the resultant increase in employment, and the impact on housing supply and housing costs in Cambridge in order to determine whether there should be changes to the City's Incentive Zoning Ordinance. The New Incentive Zoning Nexus Study should include a recommendation as to the appropriate contribution necessary to mitigate any such impacts, and consider the types of special permits which are subject to the Incentive Zoning Ordinance. The City is seeking a Consultant with expertise in the areas of land use law, real estate market analysis, economic impact analysis, and housing and economic development policy. The nexus between

new non-residential development and housing supply and costs was studied in *The Impact of Cambridge Office Development on Cambridge Housing Prices,* by Kayden and Pollard, completed in 1988 (the "1988 Study") and further analyzed in 2002 in *The Impact of Cambridge Office Development on Cambridge Housing Prices* by Bluestone and Kayden (the "2002 Study"). The Consultant will update and expand these studies.

This RFP outlines the scope of services that the City is seeking as well as the selection and evaluation criteria. A copy of the 1988 and 2002 studies and the current Incentive Ordinance Zoning are attached for reference. Additional resources will be available to the Consultant as outlined in Appendix, *Reference Materials*. The Consultant will work closely with the City's Community Development Department ("CDD") to develop further and complete the scope of services.

BACKGROUND

In 1988, the City of Cambridge contracted with a consultant team to conduct a nexus study to estimate some of the impacts of private office development in Cambridge on the City's housing market (the 1988 Study). The 1988 Study was based on the rationale that new office development attracts new employees, some of whom enter the housing market, increasing the demand for housing and placing pressure on the cost and supply of housing.

The 1988 Study was comprised of three primary components:

1) A calculation of the increase in housing demand generated by office development;
2) A calculation of the impacts on housing prices associated with the increase in housing demand;
3) A calculation of the impacts on housing price per square foot of office development.

Based on the study, the City adopted the Incentive Zoning Ordinance in 1988. The Ordinance requires that commercial developers mitigate the impact of their development by making a monetary contribution (the "Housing Contribution") to the Cambridge Affordable Housing Trust (CAHT). The current Incentive Zoning Ordinance applies to office, laboratory, research facilities, and retail business for which the developer is seeking certain special permits and which increase the density or intensity of a particular use in the proposed development. Developments that require a special permit and are 30,000 square feet (SF) or greater are subject to the Ordinance. The Ordinance also allows for annual update in the Housing Contribution rate based on changes in the CPI. Currently, the Housing Contribution rate is $4.58 per square foot.

In 2002, a second study was completed to recommend amendments to the Incentive Zoning Ordinance (the 2002 Study). The 2002 Study resulted in a recommendation that the Housing Contribution rate be increased to $7.38 per square foot. This recommendation was not implemented. Since that study, there has been significant non-residential development in Cambridge. This development has impacted both those who live and work in Cambridge as housing costs increase and remain out of reach for low-, moderate-, and increasingly middle-income households. For this reason the City is undertaking this study to assist in its efforts to formulate an appropriate recommendation on and amendments to the provisions of the Incentive Zoning Ordinance that takes into account the current economic trends and changes in Cambridge.

PURPOSE

The purpose of the New Incentive Zoning Nexus Study is to re-analyze both the legal and economic basis for assessing a Housing Contribution for office and other non-residential development to mitigate the impact on housing in Cambridge. The Consultant will update and expand on the1988 Study and the 2002 Study to derive the per square foot Housing Contribution required to mitigate the development impact. Where both the 1988 Study and the 2002 Study considered the impact on low- and moderate-income renters, the City desires to look at the current impacts on low-, moderate-, and middle-income renters, as defined below. The Consultant will also make policy recommendations to the City on updating the appropriate Housing Contribution and land uses to be included in the Incentive Zoning Ordinance.

Like the earlier analyses, the New Incentive Zoning Nexus Study will consider the impact on availability and affordability of housing for low-income (earning less than 50% of area median income) and moderate-income (earning 50 - 80% of area median income) households. The New Nexus Incentive Zoning Study will also consider the impacts on middle-income households (earning 80 - 120% of area median income).

The New Incentive Zoning Nexus Study will analyze the inter-relationship between employment from office and other non-residential development uses and housing costs and supply, with particular attention to current non-residential development uses as well as anticipated uses. The New Incentive Zoning Nexus Study will consider the types of special permits which are subject to the Incentive Zoning Ordinance, other project types which are not currently subject to the Incentive Zoning requirements, and recommend any appropriate updates to the number and type of permits which trigger the requirements.

The New Incentive Zoning Nexus Study must also establish the legal and economic basis for assessing a Housing Contribution to these land uses to mitigate the impact such development has on housing supply and cost.

The Consultant must establish a per-square-foot mitigation Housing Contribution for the types of non-residential development outlined in the following sections. The Housing Contribution must be based on empirical findings and current data demonstrating the demographic and economic trends and must examine the relationship between non-residential development uses and housing. The findings will be the basis of the Consultant's recommendations to the City to consider as amendments to the City's Incentive Zoning Ordinance.

SCOPE OF SERVICES

The Consultant will provide CDD with a written report that demonstrates the relationship between non-residential development, employment and housing. Non-residential uses will include:

- office uses
- research and development lab uses
- institutional uses
- retail businesses and consumer-related service establishments
- communication and utility uses
- industry (heavy and light)
- hotel, major retail, entertainment uses

The Consultant will also analyze emerging land uses in the City and ensure that they are adequately represented and analyzed as part of this study. Cumulatively, these uses are referred to as "non-residential development" in this RFP.

The Consultant will use existing City data, supplemented by primary data on land uses, economic development trends, employment, and housing, as determined necessary by the Consultant and CDD.

SCOPE

A. Review the 1988 Study and the 2002 Study.

The Consultant will review the methodology, assumptions, and conclusions of the 1988 Study and the 2002 Study. The Consultant will determine any changes in methodology and assumptions that are necessary and update these studies to reflect these changes. The Consultant's written report will outline the new methodology and assumptions and explain changes from the 1988 Study and the 2002 Study and the justification for the changes.

The Consultant will assess the effectiveness of the 1988 Study and the 2002 Study and Incentive Zoning Ordinance since its adoption in 1988.

B. Macroeconomic analysis of projected land use, job growth and housing demand

The Consultant will review and analyze recent and projected development, demographic and economic trends. The analysis will include development activity, commercial rents, past and projected employment growth, housing need generated by this commercial activity and employment growth, and housing trends measured in terms of vacancy rates, production statistics, and prices for residential units and any other data deemed by the Consultant to be important to establish new nexus requirements.

This section will also include an analysis of the conversion of non-residential uses to new uses and their net impact on employment and housing affordability.

Based on an analysis of the above data, the Consultant will demonstrate numerically the relationships and the mitigation that would be required to address the impact on housing of various land uses for different income levels, especially low- and moderate- and middle-income households (see HUD Income Limits).

The Consultant and CDD, together, will define further the land uses/employment categories and development threshold sizes that the Consultant will analyze.

C. Analysis of the impact of expanding the types of land uses addressed by Cambridge's Incentive Zoning Ordinance on economic development in Cambridge

It is important that any proposed mitigation be balanced with the City's interest in appropriate economic growth and development.

The City seeks to mitigate the impact of non-residential development on housing; however, it also seeks to balance this with appropriate economic growth and development.

The Consultant will:

- assess impact on the pace and type of growth and development of any recommended amendment to the Incentive Zoning Ordinance;
- assess if there is an economic basis for excluding certain types of development or certain geographic areas of the City;
- consider the relationship between Cambridge's commercial tax rate (and/or other indicators) and the proposed Housing Contribution on the decision of developers to site new development in the City.

D. Legal Justification

The Consultant will outline and analyze the legal basis for the City's Incentive Zoning Ordinance for office, lab, and other non-residential development uses and associated Housing Contribution. The analysis should include the legal basis for assessing a Housing Contribution on developments that require permits for "as-of-right" development, on administrative or staff project review, or on projects that require a special permit from the Planning Board.

E. Recommendations

Based on the economic and legal analysis, the Consultant will provide recommendations for modifications to the City's Incentive Zoning Ordinance, including new uses or permits that should be subject to the City's Incentive Zoning Ordinance and threshold requirements for its application.

The Consultant will consider the "pros" and "cons" of requiring developers in Cambridge to provide units built out and ready for occupancy, as opposed to cash payments, based on the size of the development. The Consultant should estimate the amount of Housing Contributions anticipated to be made to the City over the next 10 years based on its recommendations. (CDD may provide the consultant with historical data as a basis for this analysis, as necessary.)

F. Meetings and Public Presentations

The Consultant will meet with CDD staff on at least a monthly basis. The Consultant may be requested to present its findings and recommendations to the City Council or at other public meetings during the study period.

G. Expert Witness Testimony

The Consultant must be available during the study period to provide expert testimony, if necessary.

H. Work Product

At a minimum, the Consultant will be expected to provide a written study and recommendation and final report that demonstrates the nexus between non-residential development, employment and housing. The Consultant will work with city staff on the appropriate timing for materials based on their proposed work plan. The report and any interim products will also be submitted to CDD in digital format for posting on the City's website. The City of Cambridge retains the right to the use of the study, in whole or in part, and interim products as it deems fit.

QUALITY REQUIREMENTS

In order for a proposal to receive further consideration the proposer must unconditionally check "Yes" to each Quality Requirement below. The City shall reject in its entirety the proposal of any proposer who fails to check "Yes" or who modifies, qualifies or limits its affirmative response in any way.

Indicate **Yes or No for each of the following requirements and provide the name of the qualified team member.**

1. The Team Leader has documented experience in conducting studies of scope comparable to the study described in this RFP.

   YES _____ NO _____

   Consultant Name: _____

2. The Project Team has demonstrable capability in the following disciplines: land use law, real estate market analysis, economic impact analysis, housing and economic development policy (it is acceptable for one consultant to have expertise in multiple disciplines).

   YES _____ NO _____

   Attorney's Name and BBO #:_____

   Real Estate Market Analysis (residential and commercial) Consultant Name:_____

   _____

   Economic Impact Analysis Consultant Name:_____

   Housing Policy Consultant Name:_____

   Economic Development Consultant Name:_____

3. The Consultant has completed a nexus or similar study involving an analysis of the relationship between non-residential development, employment, and housing. The consultant has made policy recommendations to a municipal government taking into consideration the political climate, competing City initiatives, and the overall impact on the City's housing needs and economic development.

   YES _____ NO _____

Submit this form with your proposal.

PROPOSAL SUBMISSION DOCUMENTS

The following documents must be submitted with your bid and will be taken into consideration during the evaluation process.

Professional Qualifications - Employees and Staff

The proposer should describe its management capabilities in its field relevant to this RFP. This section should include the names and professional qualifications of the consultant team members who will have primary responsibility for administering the New Incentive Zoning Nexus Study. Please provide a statement as to the availability of staff performing all services.

References

Please provide a list of three references. Two of the references must be from customers for which the proposer provided services similar to those outlined in the RFP. One reference must be a client that is no longer an active customer of the proposer. Include the name, contact person, his/her title, address and telephone number. In addition, the City reserves the right to use itself as a reference to determine the proposer's responsiveness and responsibility, and reserves the right to call current or former clients not listed as a reference. A proposal may be rejected on the basis of one or more references reporting poor past performance by the bidder.

Relevant Experience

Please describe the proposer's direct experience providing consultant services similar to those described in the Scope of Service Specification, to other Municipal customers.

State Office of Minority and Women Business Assistance Certification (SOMWBA)

If applicable

Anti-collusion and Tax Compliance Certification

A fully executed copy of the form must be submitted. The form can be found on page 16 of this document.

CORI Compliance Form

Cori Compliance Form can be found on page 17 of this document.

Other

Please include copies of any legal document affecting the financial status of the consultant or company that has been filed with any state or federal court.

COMPARATIVE EVALUATION CRITERIA

Successful proposals will include at a minimum, examples of recent studies similar to the scope described in this Request for Proposal. Responses to this Request for Proposals will also be evaluated according to the following criteria, which are intended to assist the City in evaluating the proposer's qualifications. Responses to the following areas should be brief, yet complete.

Each responsive and responsible proposal shall be assigned a composite rating using the categories of "highly advantageous" and "advantageous.

Experience conducting multi-disciplinary nexus studies

Highly advantageous – To receive a highly advantageous rating the Team leader and members will have extensive successful experience (at least 5 years and 4 or more projects) on similar multi-disciplinary nexus studies, including the derivation of Housing Contributions for different land uses.

Advantageous Proposals - To receive advantageous rating the team leader and members will have successful experience (3 years and 3 or more projects) on similar multi-disciplinary municipal studies, including the derivation of Housing Contributions for different land uses.

Knowledge of Greater Boston and Cambridge area in team member's area of expertise

Highly advantageous – To receive a highly advantageous rating team member(s) will have at least five (5) years of experience and knowledge about Cambridge and the Greater Boston area in their areas of expertise as demonstrated in team members' resumes.

Advantageous Proposals - To receive advantageous rating team member(s) will have at least three (3) years of experience and knowledge about the Greater Boston area in their areas knowledge of and experience.

Strategy outlined that addresses all components of the Scope of Services

Highly Advantageous - To receive a highly advantageous rating proposal will have a detailed and well-thought out strategy to address all aspects of the scope of work, including a project timeline with realistic milestones to accomplish all project elements within the contract timeframe.

Advantageous - To receive an advantageous rating proposal will have a strategy to address most aspects of the scope of work, including a project timeline with realistic milestones to accomplish most project elements within the contract timeframe.

Detailed information on project staffing about the key personnel and subcontractors who will be working directly on the project

Highly Advantageous - To receive a highly advantageous rating the Project Team will have clearly defined responsibilities for each team member and a Team Leader selected. The staffing plan needs to be realistic and indicate that sufficient staffing will be available to complete the project in a timely manner if the original project staff are no longer available to work on this project. The staffing plan will be well integrated with and consistent with the proposed project schedule.

Advantageous - To receive an advantageous rating the Project Team will have been defined and a Team Leader selected. The staffing plan must be realistic and indicate that sufficient staffing will be available to complete the project in a timely manner. The staffing plan will be integrated with and consistent with the proposed project schedule.

Quality of References

The City reserves the right to use itself as a reference.

Highly Advantageous - To receive a highly advantageous rating the applicant will provide three (3) or more references, among them at least two governmental entities, who can comment positively on their experiences with the Consultant(s), their areas of expertise, and their ability to complete a study of similar scope and complexity as described in this RFP. At least 2 references must be for the Team Leader. Also, at least 2 references must demonstrate that the Team Leader and another team member(s) have worked together successfully.

Advantageous - To receive an advantageous rating the applicant will provide three (3) references, among them at least one governmental entity, who can comment positively on their experiences with the Consultant(s), their areas of expertise, and their ability to complete a study of similar scope and complexity as described in this RFP. At least one reference must be for the Team Leader. Also, at least one reference must demonstrate that the Team Leader and another team member(s) have worked together successfully.

Evaluation of an oral presentation or interview

Advantageous - The proposer's oral presentation was clear and well organized and demonstrated the proposer's ability to communicate effectively.

Not Advantageous - The proposer's oral presentation was unclear and disorganized and did not demonstrate the proposer's ability to communicate effectively.

RESOURCES

The Consultant shall become familiar with the City's Incentive Zoning Ordinance and previous nexus studies: *The Impact of Cambridge Office Development on Cambridge Housing Prices,* by Kayden and Pollard, completed in 1988 and further analyzed in 2002 in *The Impact of Cambridge Office Development on Cambridge Housing Prices* by Bluestone and Kayden.

APPENDIX– REFERENCE MATERIALS

1. City of Cambridge Incentive Zoning Ordinance
   http://www.cambridgema.gov/CDD/zoninganddevelopment/Zoning/Ordinance.aspx

2. *The Impact of Cambridge Office Development on Cambridge Housing Prices* by Kayden and Pollard, 1988.

3. *The Impact of Cambridge Office Development on Cambridge Housing Prices* by Bluestone and Kayden, 2002

4. U.S. Department of Housing and Urban Development Income Limits

5. Living Wage Ordinance

6. Sample Contract

Additional Resources Available to Consultant:

The City Community Development Dept. will make available for copying the following resources for use in developing the proposal for and conducting the New Incentive Zoning Nexus Study. This information can also be accessed through the Department's website.

- Cambridge Growth Policy Document – Towards a Sustainable Future
  http://www.cambridgema.gov/~/media/Files/CDD/Planning/GrowthPolicy/growth_policy_2007.ashx
- Statistical, Demographic & Housing Market Profiles of Cambridge
  http://www.cambridgema.gov/CDD/factsandmaps/statisticalprofiles.aspx

Price Proposal

This price summary form must be submitted in a sealed envelope, **separate** from the technical proposal. Failure to adhere to this instruction will result in automatic disqualification of your proposal. Price must remain firm for the entire contract unless the hourly rate is reduced.

This is a not to exceed fixed price bid. The total bid price must be complete and include all cost associated with providing the Consultant Services for the Design Competition in accordance to the Scope of Work, Specifications and Deliverables including all other details referenced in this Request for Proposal.

Flat Fee $_____

Flat Fee in words:_____

Please include a supplemental sheet(s) with an itemized breakdown of the fee including:

Hourly Rates of staff

The number of hours the bidder will require to complete the services

Cost of materials & expenses

If Addenda issued by the City, this proposal includes addenda numbered:_____

Signature of Individual submitting proposal: _____

Name of business:_____

Address of Bidder:_____

Telephone Number: _____

Fax Number:_____

Email Address:_____

Please check one of the following and insert the requested information:

( ) Corporation, incorporated in the State of:_____

( ) Partnership. Names of partners:_____

( ) Individual_____

THIS PRICE PROPOSAL FORM MUST BE SUBMITTED IN A SEPARATE SEALED ENVELOP MARKED PRICE PROPOSAL

ANTI-COLLUSION AND TAX COMPLIANCE CERTIFICATE

The undersigned certifies under penalties of perjury that this proposal has been made and submitted in good faith and without collusion or fraud with any person. As used in this certification, "person" shall mean any natural person, business, partnership, corporation, union, committee, club, or other organization or other group of individuals.

As required by MGL Chapter 62C, Section 49A, the undersigned further certifies under penalty of perjury that the bidder has complied with all of the laws of the Commonwealth of Massachusetts relating to taxes, reporting of employees and contractors, and withholding and remitting child support.

Signature: _____

Name of person signing proposal: _____

Title of officer signing for firm, if applicable:_____

Name of business, of applicable: _____

Address: _____

_____

_____

Signature of all firm partners, if applicable: _____

_____

_____

_____

<u>THIS FORM MUST BE SUBMITTED WITH THE PROPOSAL.</u>

CORI COMPLIANCE FORM

Persons and businesses supplying goods and/or services to the City of Cambridge ("Vendors"), who are required by law to perform CORI checks, are further required by Section 2.112.060 of the Cambridge Municipal Code to employ fair policies, practices and standards relating to the screening and identification of persons with criminal backgrounds through the CORI system. Such Vendors, when entering into contracts with the City of Cambridge, must affirm that their policies, practices and standards regarding CORI information are consistent with the policies, practices and standards employed by the City of Cambridge as set forth in the City of Cambridge CORI Policy ("CORI Policy") attached hereto.

CERTIFICATION

The undersigned certifies under penalties of perjury that the Vendor employs CORI related policies, practices and standards that are consistent with the provisions of the attached CORI Policy. **All Vendors must check one of the three lines below**.

1. _____ CORI checks are not performed on any Applicants.

2. _____ CORI checks are performed on some or all Applicants. The Vendor, by affixing a signature below, affirms under penalties of perjury that its CORI policies, practices and standards are consistent with the policies, practices and standards set forth in the attached CORI Policy.

3. _____ CORI checks are performed on some or all Applicants. The Vendor's CORI policies, practices and standards are not consistent with the attached CORI Policy. Please explain on a separate sheet of paper.

_____ _____

(Typed or printed name of person signing quotation, bid or Proposal) Signature

_____

(Name of Business)

NOTE:
The City Manager, in his sole discretion may grant a waiver to any Vendor on a contract by contract basis.

Instructions for Completing CORI Compliance Form:
A Vendor should not check Line 1 unless it performs NO CORI checks on ANY applicant. A Vendor who checks Line 2 certifies that the Vendor's CORI policy conforms to the policies, practices and standards set forth in the City's CORI Policy. A Vendor with a CORI policy that does NOT conform to the City's CORI Policy must check Line 3 and explain the reasons for its nonconformance in writing. Vendors, who check Line 3, will not be permitted to enter into contracts with the City, absent a waiver by the City Manager.

THIS FORM MUST BE SUBMITTED WITH THE PROPOSAL.

ORDINANCE NUMBER 1312

Final Publication Number 3155. First Publication in the Chronicle on December 13, 2007.

City of Cambridge

In the Year Two Thousand and Eight

AN ORDINANCE

In amendment to the Ordinance entitled "Municipal Code of the City of Cambridge"

Be it ordained that Cambridge Municipal Code Chapter 2.112 is hereby amended by adding a new Section 2.112.060 entitled "CORI Screening by Vendors of the City of Cambridge" as follows:

Adding after Section 2.112.050 the following new sections:

SECTION 2.112.060

CORI SCREENING BY VENDORS OF THE CITY OF CAMBRIDGE

Sections:

2.112.061 Purpose
2.112.062 Definitions
2.112.063 CORI-Related Standards of the City of Cambridge
2.112.064 Waiver
2.112.065 Applicability

2.112.061 Purpose

These sections are intended to ensure that the persons and businesses supplying goods and/or services to the City of Cambridge deploy fair policies relating to the screening and identification of persons with criminal backgrounds through the CORI system.

2.112.062 Definitions

Unless specifically indicated otherwise, these definitions shall apply and control.

Awarding Authority means the City of Cambridge Purchasing Agent or designee.

Vendor means any vendor, contractor, or supplier of goods and/or services to the City of Cambridge.

2.112.063 CORI-Related Standards of the City of Cambridge

The City of Cambridge employs CORI-related policies, practices and standards that are fair to all persons involved and seeks to do business with vendors that have substantially similar policies, practices and standards. The City of Cambridge will do business only with vendors who, when required by law to perform CORI checks, employ CORI-related policies, practices, and standards that are consistent with policies, practices and standards employed by the City of Cambridge. The awarding authority shall consider any vendor's deviation from policies, practices and standards employed by the City of Cambridge as grounds for rejection, rescission, revocation, or any other termination of the contract.

2.112.064 Waiver

The City Manager may grant a waiver to anyone who or which has submitted a request for waiver if it is objectively reasonable; and the City Manager, or a delegate, shall report promptly in writing to the City Council all action taken with respect to every request for a waiver and the reasons for the decision.

2.112.065 Applicability

If any provision of these sections imposes greater restrictions or obligations than those imposed by any other general law, special law, regulation, rule, ordinance, order, or policy then the provisions of these sections shall control.

In City Council January 28, 2008.
Passed to be ordained by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

D. Margaret Drury
City Clerk

City of Cambridge CORI Policy

1. Where Criminal Offender Record Information (CORI) checks are part of a general background check for employment or volunteer work, the following practices and procedures will generally be followed.

2. CORI checks will only be conducted as authorized by Criminal History Systems Board (CHSB). All applicants will be notified that a CORI check will be conducted. If requested, the applicant will be provided with a copy of the CORI policy.

3. An informed review of a criminal record requires adequate training. Accordingly, all personnel authorized to review CORI in the decision-making process will be thoroughly familiar with the educational materials made available by the CHSB.

4. Prior to initiating a CORI check, the City will review the qualifications of the applicant to determine if the applicant is otherwise qualified for the relevant position. The City will not conduct a CORI check on an applicant that is not otherwise qualified for the relevant position.

5. Unless otherwise provided by law, a criminal record will not automatically disqualify an applicant. Rather, determination of suitability based on CORI checks will be made consistent with this policy and any applicable law or regulations.

6. If a criminal record is received from CHSB, the authorized individual will closely compare the record provided by CHSB with the information on the CORI request form and any other identifying information provided by the applicant, to ensure the record relates to the applicant.

7. If, in receiving a CORI report, the City receives information it is not authorized to receive (e.g. cases with dispositions such as not guilty or dismissal, in circumstances where the City is only authorized to receive convictions or case-pending information), the City will inform the applicant and provide the applicant with a copy of the report and a copy of CHSB's *Information Concerning the Process in Correcting a Criminal Record* so that the applicant may pursue correction with the CHSB.

8. If the City of Cambridge is planning to make an adverse decision based on the results of the CORI check, the applicant will be notified immediately. The applicant shall be provided with a copy of the criminal record and the City's CORI policy, advised of the part(s) of the record that make the individual unsuitable for the position and given an opportunity to dispute the accuracy and relevance of the CORI record.

9. Applicants challenging the accuracy of the criminal record shall be provided a copy of CHSB's *Information Concerning the Process in Correcting a Criminal Record.* If the CORI record provided does not exactly match the identification information provided by the applicant, the City of Cambridge will make a determination based on a comparison of the CORI record and documents provided by the applicant. The City of Cambridge may contact CHSB and request a detailed search consistent with CHSB policy.

10. If the City of Cambridge reasonably believes the record belongs to the applicant and is accurate, then the determination of suitability for the position will be made. Unless otherwise provided by law, factors considered in determining suitability may include, but not be limited to the following:

(a) Relevance of the crime to the position sought;
(b) The nature of the work to be performed;
(c) Time since the conviction;
(d) Age of the candidate at the time of offense;
(e) Seriousness and specific circumstances of the offense;
(f) The number of offenses;
(g) Whether the applicant has pending charges;
(h) Any relevant evidence of rehabilitation or lack thereof;
(i) Any other relevant information, including information submitted by the candidate or requested by the City.

11. The Personnel Department will assist affected departments, in assessing the suitability of candidates in accordance with paragraph 10 a through i above, to ensure consistency, fairness, and protection of employment opportunities and the public interest.

12. The City of Cambridge will notify the applicant of the decision and the basis of the decision in a timely manner.

13. CORI information shall not be disseminated or shared with any unauthorized employees or other, but shall be maintained in confidence consistent with the obligations of law.

Revised May 5, 2007

Chapter 2.121

LIVING WAGE ORDINANCE

Sections:

2.121.010	**Title and Purpose**
2.121.020	**Definitions**
2.121.030	**Living Wage**
2.121.040	**Waivers and Exceptions**
2.121.050	**Notification Requirements**
2.121.060	**Duties of covered Employers**
2.121.070	**Community Advisory Board**
2.121.080	**Enforcement**
2.121.090	**Severability**
2.121.100	**Effective Date**

2.121.010 Title and Purpose.

This Chapter shall be known as the "Cambridge Living Wage Ordinance". The purpose of this ordinance is to assure that employees of the City of Cambridge and employees of City contractors, subcontractors and beneficiaries of tax abatements, loans, grants, subsidies and other assistance provided by the City earn an hourly wage that is needed to support a family of four.

2.121.020 Definitions.

For the purposes of this ordinance, the term:

(a) "Applicable Department" means the Personnel Department for employees of the City of Cambridge, the Purchasing Department, with the advice and assistance of the appropriate department which receives the services, for Covered Employers who contract or subcontract with the City of Cambridge, the School Department for employees, contractors and subcontractors of the School Department, and the City Manager's Office for any other Person who is a Beneficiary of assistance other than a contract or subcontract.

(b) "Assistance" means:

(1) any grant, loan, tax incentive, bond financing, subsidy, or other form of assistance valued at least $10,000 that an employer receives by or through the authority or approval of the City of Cambridge, including, but not limited to, c. 121A tax abatements, industrial development bonds, Community Development Block Grant (CDBG) loans and grants, Enterprise Zone designations awarded after the effective date of this Chapter, and the lease of city owned land or buildings below market value; and

(2) any service contract, as defined herein, of at least $10,000 with the City of Cambridge that is made with an employer to provide services pursuant to G.L.c. 30B or other public procurement laws, awarded, renegotiated or renewed after the effective date of this Chapter.

(3) any service subcontract, as defined herein, of at least $10,000.

(c) "Beneficiary" means:

(1) any person who is a recipient of Assistance;

(2) any company or person that is a tenant or sub-tenant, leaseholder or sub-leaseholder of a recipient of Assistance, provided that said company or person employs at least 25 persons and occupies property or uses equipment or property that is improved or developed as a result of Assistance, after the effective date of this Chapter; and

(d) "Covered Employer" means the City of Cambridge or a Beneficiary of Assistance.

(e) "Covered Employee" means:

(1) a person employed by the City of Cambridge except for persons in those

positions listed in Section 2.121.040(j) of this ordinance; and

(2) a person employed by a Covered Employer, or a person employed by an independent contractor doing business with a Covered Employer, who would directly expend any of his or her time on the activities funded by the contract or the activities for which the Beneficiary received the Assistance, except for persons in those positions listed in Section 2.121.040(j) of this ordinance..

(f) "Living Wage" has the meaning stated in Section 2.121.030.

(g) "Person" means one or more of the following or their agents, employees, servants, representatives, and legal representatives: individuals, corporations, partnerships, joint ventures, associations, labor organizations, educational institutions, mutual companies, joint-stock companies, trusts, unincorporated organizations, trustees, trustees in bankruptcy, receivers, fiduciaries, and all other entities recognized at law by the Commonwealth of Massachusetts.

(h) "Service Contract" means a contract let to a contractor by the City of Cambridge for the furnishing of services, to or for the City, except contracts where services are incidental to the delivery of products, equipment or commodities. A contract for the purchase or lease of goods, products, equipment, supplies or other property is not a "service contract" for the purposes of this definition.

(i) "Service Subcontract" means a subcontract primarily for the furnishing of services, to or for a recipient of Assistance, except where services are incidental to the delivery of products, equipment or commodities. A contract for the purchase or lease of goods, products, equipment, supplies or other property is not a "service subcontract" for the purposes of this definition.

2.121.030 Living Wage.

(a) Applicability. Covered Employers shall pay no less than the Living Wage to their employees.

(b) Amount of wage. The Living Wage shall be calculated on an hourly basis and shall be no less than $10.00, subject to adjustment as provided herein. The Living Wage shall be upwardly adjusted each year no later than March first in proportion to the increase at the immediately preceding December 31 over the year earlier level of the Annual Average Consumer Price Index for All Urban Consumers (CPI -U) Boston-Lawrence-Salem, MA - NH, as published by the Bureau of Labor Statistics, United States Department of Labor applied to $10.00.

(c) No reduction in collective bargaining wage rates. Nothing in this Chapter shall be read to require or authorize any beneficiary to reduce wages set by a collective bargaining agreement.

(d) Cuts in non-wage benefits prohibited. No Beneficiary will fund wage increases required by this Chapter, or otherwise respond to the provisions of this Chapter, by reducing the health, insurance, pension, vacation, or other non-wage benefits of any of its employees.

2.121.040 Waivers and Exceptions.

(a) Waivers. A Covered Employer may request that the City Manager grant a partial or whole waiver to the requirements of this Chapter.

(b) General Waivers. Waivers may be granted where application of this Chapter

to a particular form of Assistance is found by the City Solicitor to violate a specific state or federal statutory, regulatory or constitutional provision or provisions, and the City Manager approves the waiver on that basis.

(c) Hardship Waivers for certain not-for-profit employers. An employer, who has a contract with the City of Cambridge which is not subject to the provisions of G.L. c. 30B, may apply to the City Manager for a specific waiver where payment of the Living Wage by a not-for-profit Covered Employer would cause a substantial hardship to the Covered Employer.

(d) Chapter 30B contract waivers. Prior to issuing an invitation for bids for a procurement contract subject to the provisions of G.L. c. 30B, any Applicable Department may apply to the City Manager for a waiver of the application of the Living Wage to the contract where payment of the Living Wage by a Covered Employer would make it inordinately expensive for the City to contract for the services or would result in a significant loss of services, because the contracted work cannot be segregated from the other work of the Covered Employer.

(e) General Waiver Request Contents. All General Waiver requests shall include the following:

(1) The nature of the Assistance to which this Chapter applies;

(2) The specific or official name of the Assistance and Assistance program, the statutory or regulatory authority for the granting of the Assistance, and a copy of that authority;

(3) The conflicting statutory, regulatory, or constitutional provision or provisions that makes compliance with this Chapter unlawful, and a copy of each such provision; and

(4) A factual explication and legal analysis of how compliance with this Chapter would violate the cited provision or provisions, and the legal consequences that would attach if the violation were to occur.

(f) Hardship Waiver Request Contents. All Hardship Waiver requests shall include the following:

(1) The nature of the Assistance to which this Chapter applies;

(2) A detailed explanation of why payment of the Living Wage would cause a substantial hardship to the Covered Employer; and

(3) A statement of proposed wages below the Living Wage.

(g) Chapter 30B Contract Waiver Request Contents. A Chapter 30B contract waiver request shall include the following:

(1) The nature of the Assistance to which this Chapter applies;

(2) A detailed explanation of why the contracted work cannot be segregated from the other work of the bidding Covered Employers thereby making the cost of the contract with the payment of the Living Wage inordinately expensive or would result in a significant loss of services;

(h) Community Advisory Board review and recommendation regarding waiver requests. The Community Advisory Board, as described in Section 2.121.070 of this ordinance, shall consider waiver requests along with their supporting documentation and analysis, and may hold a public hearing to consider the views of the public before making a recommendation to the City Manager regarding the waiver request. For a hardship waiver, the Community Advisory Board shall offer an opportunity to be heard to employees of the Covered Employer. After reviewing the recommendation of the Community Advisory Board, the City Manager may approve and grant or deny all or part of a request. The City Manager may in his or her discretion grant a temporary hardship waiver pending the hearing before

the Community Advisory Board. For Chapter 30B contract waivers, the Community Advisory Board shall make its recommendation to the City Manager no more than thirty days after it is notified of the request for a Chapter 30B contract waiver.

(i) Terms of exceptions. If an employer is subject to this Chapter as a result of its receipt of more than one kind of Assistance covered by this Chapter, and if the City Manager grants a waiver with respect to one form of Assistance, the City Manager need not find that this Chapter is inapplicable to the employer with respect to another form of Assistance received by the employer.

(j) Exceptions. The following positions will be excepted from the requirement of the payment of the Living Wage upon certification in an affidavit in a form approved by the Applicable Department and signed by a principal officer of the Covered Employer that the positions are as follows:

(1) youth hired pursuant to a city, state, or federally funded program which employs youth as defined by city, state, or federal guidelines, during the summer, or as part of a school to work program, or in other related seasonal or part-time program;

(2) work-study or cooperative educational programs;

(3) trainees who are given a stipend or wage as part of a job training program that provides the trainees with additional services, which may include, but are not limited to, room and board, case management, or job readiness services.

(4) persons working in a recognized supported employment program that provides workers with additional services, which may include, but are not limited to, room and board, case management, counseling, or job coaching:

(5) positions where housing is provided by the employer;

(6) employees who are exempt from federal or state minimum wage requirements; and

(7) individuals employed by the City of Cambridge where the employment of such individuals is intended primarily to provide a benefit or subsidy to such individuals, although the City is compensating them for work performed.

2.121.050 Notification Requirements.

All Applicable Departments shall provide in writing an explanation of the requirements of this ordinance in all requests for bids for service contracts and to all persons applying for Assistance as defined by this ordinance. All persons who have signed a service contract with the City of Cambridge or a contract for Assistance shall forward a copy of such requirements to any person submitting a bid for a subcontract on the Assistance contract.

2.121.060 Duties of Covered Employers.

(a) Notification Requirements. Covered employers shall provide each Covered employee with a fact sheet about this ordinance and shall post a notice about the ordinance in a conspicuous location visible to all employees. The fact sheet and poster shall be provided to the Covered Employer by the Applicable Department and shall include:

(1) notice of the Living Wage amount;

(2) a summary of the provisions of this ordinance;

(3) a description of the enforcement provisions of the ordinance;

(4) the name, address, and phone number of a person designated by the Applicable Department to whom complaints

of noncompliance with this ordinance should be directed.

(b) Contract for Assistance. At the time of signing a contract for assistance with the City of Cambridge or with a Beneficiary, the contract must include the following:

(1) the name of the program or project under which the contract or subcontract is being awarded;

(2) a local contact name, address, and phone number for the Beneficiary;

(3) a written commitment by the Beneficiary to pay all Covered Employees not less than the Living Wage as subject to adjustment under this ordinance and to comply with the provisions of this ordinance;

(4) a list of Covered Employees under the contract with the employees' job titles;

(5) a list of all subcontracts either awarded or that will be awarded to Beneficiaries with funds from the Assistance. Upon signing any subcontracts, the Covered Employer shall forward a copy of the subcontract to the Applicable Department.

(c) Maintenance of payroll records. Each Covered Employer shall maintain payrolls for all Covered Employees and basic records relating thereto and shall preserve them for a period of three years. The records shall contain the name and address of each employee, the job title and classification, the number of hours worked each day, the gross wages, deductions made, actual wages paid, and copies of social security wage and withholding reports, and evidence of payment thereof and such other data as may be required by the Applicable Department from time to time.

(d) Applicable Department duties. The Applicable Department shall cause investigations to be made as may be necessary to determine whether there has been compliance with this Ordinance. The Applicable Department shall report the findings of all such investigations to the Community Advisory Board.

(e) Covered Employer to cooperate. The Covered Employer shall submit payroll records on request to the Applicable Department. The Covered Employer shall permit City representatives to observe work being performed upon the work site, to interview employees and to examine the books and records relating to the payrolls being investigated to determine payment of wages.

(f) City Assistance Reports. Each Applicable Department shall file a City Assistance Report with the City Manager and the Community Advisory Board by July 31 of each year The report shall include, for each Assistance package or contract approved during the preceding fiscal year:

(1) the name of the Applicable Department (awarding agency), the name of the specific program under which the Assistance was awarded, and the origin of funds for Assistance;

(2) a description of the purpose or project for which the Assistance was awarded;

(3) the name, address, and phone number of a local contact person for the Covered Employer;

(4) the total cost to the City of Assistance provided to each Beneficiary, including both face-value of Assistance, as well as revenue not collected as a result of the Assistance.

2.121.070 Community Advisory Board.

(a) Purpose. The purpose of the Community Advisory Board shall be to review the effectiveness of this Ordinance at creating and retaining Living Wage jobs, to make recommendations to the City

Manager regarding the granting of Waivers to Covered Employers, to review the implementation and enforcement of this ordinance, and to make recommendations from time to time in connection therewith.

(b) Composition. The Community Advisory Board shall be composed of nine members and shall include representatives of labor unions, community organizations and the business community. All members will be appointed by the City Manager. Members of the Board shall serve a three-year term. Whenever a vacancy shall occur the City Manager shall appoint a replacement within thirty days of said vacancy.

(c) Meetings. The Community Advisory Board shall meet quarterly and in special session as required. All meetings of the Board shall be open to the public and will allow for public testimony on the uses of the City Assistance generally, and on specific instances of Assistance or proposed Assistance as received or sought by individual enterprises.

(d) Conflict of Interest. No member of the Community Advisory Board shall participate in any proceeding concerning a Beneficiary, a Covered Employer or a Covered Employee, or applicant for waiver or exemption, if the member or any member of his or her immediate family has a direct or indirect financial interest in the outcome of said proceeding.

2.121.080 Enforcement.

(a) Enforcement powers. In order to enforce this Chapter, the Applicable Department may, with the approval and assistance of the City Solicitor, issue subpoenas, compel the attendance and testimony of witnesses and production of books, papers, records, and documents relating to payroll records necessary for hearing, investigations, and proceedings. In case of failure to comply with a subpoena, the City may apply to a court of appropriate jurisdiction for an order requiring the attendance and testimony of witnesses and the productions of books, papers, records, and documents. Said court, in the case of a refusal to comply with any such subpoena, after notice to the person subpoenaed, and upon finding that the attendance or testimony of such witnesses or the production of such books, papers, records, and documents, as the case may be, is relevant or necessary for such hearings, investigation, or proceedings, may issue an order requiring the attendance or testimony of such witnesses or the production of such documents and any violation of the court's order may be punishable by the court as contempt thereof.

(b) Complaint procedures. An employee who believes that he or she is a Covered Employee or an applicant for a position to be filled by a Covered Employee who believes that his or her employer is not complying with requirements of this Chapter applicable to the employer may file a complaint with the Applicable Department or with the Community Advisory Board. Complaints of alleged violations may also be filed by concerned citizens or by the City Council. Complaints of alleged violations may be made at any time, but in no event more than three years after the last date of alleged violation, and shall be investigated promptly by the Applicable Department. Statements written or oral, made by an employee, shall be treated as confidential and shall not be disclosed to the Covered Employer without the consent of the employee.

(c) Investigations and hearings. The Applicable Department shall investigate the complaint, and may, in conjunction with the City Solicitor, and in accordance with the powers herein granted, require the production by the employer of such

evidence as required to determine compliance. Prior to ordering any penalty the applicable Department shall give notice to the employer and conduct a hearing. If at any time during these proceedings, the employer voluntarily makes restitution of the wages not paid to the employee making the complaint and to any similarly situated employees, by paying all back wages owed plus interest at the average prior year Massachusetts passbook savings bank rate, or otherwise remedies the violation alleged if the violation involves matters other than wages, then the Applicable Department shall thereafter dismiss the complaint against the employer.

(d) Remedies. In the event that the Applicable Department, after notice and hearing, determines that any Covered Employer has failed to pay the Living Wage rate or has otherwise violated the provisions of this Chapter, the Applicable Department may order any or all of the following penalties and relief:

(1) Fines up to the amount of $300 for each Covered Employee for each day that the Covered Employer is in violation of this Ordinance, except if the violation was not knowing and willful, then the total fine shall not exceed the amount of back wages plus interest owed;

(2) Suspension of ongoing contract and subcontract payments;

(3) Ineligibility for future City Assistance for up to three years beginning when all penalties and restitution have been paid in full. In addition, all Covered Employers having any principal officers who were principal officers of a barred beneficiary shall be ineligible under this section; and

(4) Any other action deemed appropriate and within the discretion and authority of the city.

Remedies in this section shall also apply to the party or parties aiding and abetting in any violation of this chapter.

(e) Private right of action. Any Covered Employee, or any person who was formerly employed by a Beneficiary, may bring an action to enforce the provisions of this Chapter to recover back pay and benefits, attorneys fees and costs, by filing suit against a Beneficiary in any court of competent jurisdiction.

(f) Remedies herein non-exclusive. No remedy set forth in this Chapter is intended to be exclusive or a prerequisite for asserting a claim for relief to enforce the right granted under this Chapter in a court of law. This Chapter shall not be construed to limit an employee's right to bring a common law cause of action for wrongful termination.

(g) Retaliation and discrimination barred. A Covered Employer shall not discharge, reduce the compensation or otherwise retaliate against any employee for making a complaint to the City, otherwise asserting his or her rights under this Chapter, participating in any of its proceedings or using any civil remedies to enforce his or her rights under the Chapter. The City shall investigate allegations of retaliation or discrimination and shall, if found to be true, after notice and a hearing, order appropriate relief as set out in paragraphs (c) and (d) herein

2.121.090 Severability.

In the event any provision of this ordinance shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

2.121.100 Effective Date.

This law shall be effective sixty (60) after final passage.

The Living Wage Ordinance (2.121) provides, at 1.121.030(b) that the wage shall be upwardly adjusted each year no later than March 1st in proportion to the increase in the Annual Average Consumer Price Index for the prior calendar year for All Urban Consumers (CPI-U) in the Boston area, as published by the federal Bureau of Labor Statistics.

For calendar year 1999, the CPI-U increased by 2.5%. Therefore the new living wage, as of March 1, 2000 is $10.25.

For calendar year 2000, the CPI-U increased by 4.3%. Therefore the new living wage, as of March 1, 2001 is $ 10.68.

For calendar year 2001, the CPI-U increased by 4.3%. Therefore the new living wage, as of March 1, 2002 is $11.11.

For calendar year 2002, the CPI-U increased by 2.6% . Therefore the new living wage, as of March 1, 2003 is $11.37.

The City Council has voted to amend the section of the Living Wage Ordinance (1.121.030 (b) that provides the method for calculating cost of living increases each year. As a result of this change, the living wage as of March 30, 2003 is $11.44.

For calendar year 2003, the CPI-U increased by 3.76%. Therefore the new living wage, as of March 1, 2004 is $11.87.

For calendar year 2004, the CPI-U increased by 2.7%. Therefore the new living wage, as of March 1, 2005 is $12.19.

For calendar year 2005, the CPI-U increased by 3.3%. Therefore the new living wage, as of March 1, 2006 is $12.59.

For calendar year 2006 the CPI-U increased by 3.1 %. Therefore the new living wage, as of March 1, 2007 is $12.98.

For calendar year 2007 the CPI-U increased by 1.9 %. Therefore the new living wage, as of March 1, 2008 is $13.23.

For calendar year 2008 the CPI-U increased by 3.5 %. Therefore the new living wage, as of March 1, 2009 is $13.69.

For calendar year 2009 the CPI-U decreased by .67 %. Therefore the new living wage, as of March 1, 2010 will remain at $13.69.

For calendar year 2010 the CPI-U increased by 1.57%. Therefore the new living wage, as of March 1, 2011 is $13.90.
For calendar year 2011 the CPI-U increased by 2.71%. Therefore the new living wage, as of March 1, 2012 is $14.28.

For calendar year 2012 the CPI-U increased by 1.58%. Therefore the new living wage, as of March 1, 2013 is $14.51.

For calendar year 2013 the CPI-U increased by 1.37%.Therefore the new living wage, as of March 1, 2014 is $14.71.

APPENDIX 6

City of Cambridge
Articles of Agreement
SAMPLE

Commodity-
File Number:

This agreement is made and entered into this **xx/xx/xxxx by** and between the **City Of Cambridge** ("the CITY"), a municipal corporation organized and existing under the laws of the **Commonwealth of Massachusetts,** and **xxxxxxxxxxxxxxx.** a corporation duly organized and existing under the laws of the **State of xxxxxxxxxx**("the Contractor").
Address:
Telephone: **Fax:** **Atten.**
Email:

Article I. Definition. "This Contract" as used herein shall mean these Articles of Agreement and "the bid documents," which include, but are not limited to, the instructions to bidders, the Contractor's bid or proposal, the specifications, the general conditions, the requirements, the applicable addenda, and all documents and forms submitted with the Contractor's bid or proposal that were accepted by the City.

Article II. Duration. The Contractor shall commence the performance of this contract for the period beginning on **xx/xx/xx** and ending on **xx/xx/xx.**

Article III. Terms. The Contractor agrees to provide the services all in accordance with the bid documents of **xx/xx/xx.**

Contract Value:

Article IV. Payment. The City agrees to pay to Contractor the sum set forth in the Contractor's bid or proposal. **Contractor shall invoice the xxxxxxxxxxxx to which it provided the service, not the Purchasing Department.**

Article V. Termination. The following shall constitute events of default under this Contract requiring immediate termination: a) any material misrepresentation made by the Contractor, b) any failure by the Contractor to perform any of its obligations under this Contract including, but not limited to, the following: (i) failure to commence performance of this Contract at the time specified in this Contract due to a reason or circumstance within the Contractor's reasonable control, (ii) failure to perform this Contract with sufficient personnel and equipment or with sufficient material to ensure the completion of this Contract within the specified time due to a reason or circumstance within the Contractor's reasonable control, (iii) failure to perform this Contract in a manner reasonably satisfactory to the City, (iv) failure to promptly re-perform within reasonable time the services that were rejected by the City as erroneous or unsatisfactory, (v) discontinuance of the services for reasons not beyond the Contractor's reasonable control, (vi) failure to comply with a material term of this Contract, including, but not limited to, the provision of insurance and nondiscrimination, and (vii) any other acts specifically and expressly stated in this Contract as constituting a basis for termination of this Contract.

Except as otherwise provided in the Articles of Agreement, the City may terminate the contract upon seven days notice.

Article VI . Damages. From any sums due to the Contractor for services, the City may keep for its own the whole or any part of the amount for expenses, losses and damages as directed by the Purchasing Agent, incurred by the City as a consequence of procuring services as a result of any failure, omission or mistake of the Contractor in providing services as provided in this Contract.

Article VII. Conflict. In the event there is a conflict between these Articles and the bid documents, the bid documents shall supersede these articles.

Article VIII. Governing laws and ordinances. This Contract is made subject to all the laws of the Commonwealth and the Ordinances of the City and if any such clause thereof does not conform to such laws or ordinances, such clause shall be void (the remainder of the Contract shall not be affected) and the laws or ordinances shall be operative in lieu thereof.

Article IX. Performance Security. Upon execution of this Contract by the Contractor, the Contractor shall furnish to the City security for the faithful performance of this Contract in the amount of **0%** of the value of the bid in the form of a performance bond issued by a surety satisfactory to the city or in the form of a certified check.

Article X. Equal Opportunity. the Contractor in the performance of all work under this contract will not discriminate on the grounds of race, color, sex, age, religious creed, disability, national origin or ancestry, sexual orientation, marital status, family status, military status, or source of income in the employment practices or in the selection or retention of subcontractors, and in the procurement of materials and rental of equipment. The city may cancel, terminate or suspend the contract in whole or in part for any violation of this article.

Article XI. Assignability. the Contractor shall not assign, sell, subcontract or transfer any interest in this contract without prior written consent of the city.

In witness whereof the parties have hereto and to three other identical instruments set their hands the day and year first above written.

Approved as to Form:

The Contractor:

Nancy E. Glowa
City Solicitor

Signature and Title

Richard C. Rossi
City Manager

Michele Kincaid
Acting Purchasing Agent

APPENDIX 1

ARTICLE 11.000 SPECIAL REGULATIONS

Text current through Ordinance #1359 of December 16, 2013.

11.10 TOWNHOUSE DEVELOPMENT
11.20 DELETED
11.30 FAST ORDER FOOD ESTABLISHMENTS
11.40 DELETED See Article 22.70
11.50 DELETED See Article 20.000
11.60 DELETED See Article 20.000
11.70 DELETED See Article 20.000
11.80 EMPLOYMENT PLAN COMPLIANCE PROCEDURE
11.90 DELETED
11.100 DELETED See Article 20.000
11.200 AFFORDABLE HOUSING REQUIREMENTS
11.300 DELETED See Article 20.000
11.400 DELETED See Article 20.000
11.500 PLANNING OVERLAY REQUIREMENTS
11.700 DELETED See Article 20.700

11.200 INCENTIVE ZONING PROVISIONS AND INCLUSIONARY HOUSING PROVISIONS

Purposes. The purposes of this Section 11.200 are to promote the public health, safety and welfare by encouraging the expansion and upgrading of the City's housing stock while accommodating the expansion of housing and commercial opportunities in the City; to provide for a full range of housing choices throughout the city for households of all incomes, ages and sizes in order to meet the City's goal of preserving diversity; to mitigate the impacts of commercial and residential development on the availability and cost of housing and especially housing affordable to low and moderate income households; to increase the production of affordable housing units to meet existing and anticipated housing and employment needs within the City; to provide a mechanism by which commercial and residential development can contribute in a direct way to increasing the supply of affordable housing in exchange for a greater density or intensity of development than that otherwise permitted as a matter of right; and to establish standards and guidelines for the use of such contributions from the application of incentive zoning and inclusionary housing provisions.

11.201 *Definitions.*

Affordable Housing Trust shall mean the entity established by Chapter 482 of the Acts of 1991.

Affordable Unit shall mean any dwelling unit for which the rent (including utilities) does not exceed thirty (30) percent of the income of the renting household or for which the mortgage payment (including insurance, utilities and real estate taxes) does not exceed thirty (30) percent of the income of the purchasing household or other standards as may be established pursuant to any city, state or federal housing program designed to assist low and moderate income households.

Converted Dwelling Unit shall mean a dwelling unit that has been converted from a non-housing use to a housing use in connection with the construction of an Inclusionary Project.

Developer shall mean any individual, corporation, business trust, estate trust, partnership or association, or any other entity or combination thereof.

Eligible Household shall mean any household whose total income does not exceed eighty (80) percent of the median income of households in the Boston Standard Metropolitan Statistical Area adjusted for family size, or such other equivalent income standard as may be determined by the Board of Trustees of the Affordable Housing Trust Fund.

Median Income shall mean the income set forth in or calculated from regulations promulgated by the United States Department of Housing and Urban Development, pursuant to Section 8 of the Housing Act of 1937, as amended by the Housing and Community Development Act of 1974 or such other equivalent income standard as determined by the Board of Trustees of the Affordable Housing Trust Fund.

Mixed Use Development shall mean a development that contains a combination of residential development and any other use.

Project, Incentive, shall mean that portion of projects containing uses listed in Sections 4.33c, 4.34, 4.35, 4.36, and 4.56 d 1 subject to the provisions of the special permits listed in Section 11.202.1.

Project, Inclusionary, shall mean any residential or mixed use development containing or creating ten or more new or converted dwelling units, including phased projects; or where fewer than ten new or converted dwelling units are created including phased projects, a residential development containing 10,000 square feet or more of gross floor area, in which case each 1,000 square feet shall be considered a dwelling unit.

Project, Phased, shall mean any residential or mixed use development or developments at one site or two or more adjoining sites in common ownership or under common control within a period of five years from the first date of application for any special or building permit for construction on the lot or lots, or for the twelve months immediately preceding the date of application for any special or building permit, where a total of no less than ten new or converted units are built.

Project, Voluntary Inclusionary, shall mean any residential or mixed use development containing less than ten new or converted dwelling units, including phased projects where the developer chooses to comply with the provisions of Section 11.203.2.

Residential Development shall mean single, two family and multi-family homes, townhouse development, elderly oriented congregate housing and lodging and rooming house dwellings as set forth in Section 4.31 a-h, and i(3).

11.202 *Applicability.*

11.202.1 *Applicability of Incentive Zoning Provisions.* Where a developer chooses to seek to obtain a special permit pursuant to the sections listed below, which special permit authorizes an increase in the permissible density or intensity of a particular use in the proposed development, the developer shall be subject to the applicable provisions of this Section 11.200 et al. Increases in density or intensity of use shall include an increase in gross floor area or height, a reduction or waiver of parking requirements, or a change in dimensional requirements or the addition of uses that result in an increase in density or intensity of use.

Section 6.35	Reduction in required parking for nonresidential development
Section 20.108	Divergence from dimensional requirements, North Massachusetts Avenue Overlay District
Section 20.54.2(2)	Additional height, Harvard Square Overlay District
Section 20.54.4(2)	Waiver of parking and loading requirements, Harvard Square Overlay District
Section 20.54.5(2)	Exemption from yard requirements, Harvard Square Overlay District
Section 20.63.7	Divergence from dimensional requirements, Parkway Overlay District
Section 20.95.1	Maximum Floor Area Ratio
Section 20.95.2	Maximum Permitted Height
Section 20.95.34	Waiver of Yard Requirements
Section 20.95.4	Dwelling Unit Density
Section 20.304.2(2), (3)	Additional height, Central Square Overlay District
Section 20.304.4	Waiver of setback requirements, Central Square Overlay District
Section 20.304.6	Waiver of parking requirements, Central Square Overlay District
Section 17.13.1(b)	Additional FAR, Special District I
Section 17.17	Transfer of Development Rights, Special District I
Article 13.00	PUD Districts, all permits.

11.202.2 Applicability of Inclusionary Housing Provisions. The provisions of this Section 11.200 shall apply to any Inclusionary Project and may be applied to any Voluntary Inclusionary Project. These provisions shall apply with respect to developments in all zoning districts of the city except those governed by the provisions of Article 15.000.

11.203 *Requirements*

11.203.1 Requirements for Incentive Zoning Contributions. A developer of an Incentive Project shall either make a Housing Contribution in accordance with this Section 11.203.1 (a) or shall create or cause to be created housing, in accordance with this Section 11.203.1 (b).

(a) Housing Contribution. For any project that is in whole or in part an Incentive Project, and that is, in total, less than thirty thousand (30,000) square feet of gross floor area, no contribution shall be required.

For any project of thirty thousand (30,000) square feet of gross floor area or more, the developer shall contribute four dollars and fifty-eight cents ($4.58) [Note: current adjust figure as of 2/27/14] for every square foot of gross floor area over two thousand five hundred (2500) square feet of that portion of the project authorized by the Special Permit that is an Incentive Project.

Before the Superintendent of Buildings issues the first occupancy permit for the Incentive Project the developer of the Incentive Project shall deliver the Housing Contribution to the then Managing Trustee of the Affordable Housing Trust or its designee.

The amount of the Housing Contribution shall be subject to review and recalculation three (3) years after the effective date of this provision and every three (3) years thereafter by the Cambridge City Council based on a consideration of current economic trends including but not limited to development activity, commercial rents per square foot, employment growth, and housing trends measured in terms of, but not limited to, vacancy rates, production statistics, and prices for dwelling units. The Board of Trustees for the Affordable Housing Trust may adjust the amount annually based on CPI or a similar standard to reflect changes in inflation rates.

(b) Housing Creation Option. The Developer of an Incentive Project required to make a Housing Contribution in Subsection 11.203.1 (a) above may create or cause to be created affordable units for occupancy exclusively by eligible households, or may donate land to be used exclusively for the development of affordable units. These units or land donation, must be of equivalent benefit toward addressing the City's affordable housing need as the housing contribution otherwise required.

When this option is chosen a Developer shall obtain a report from the Board of Trustees of the Affordable Housing Trust, which report shall accompany the special permit application and shall advise the special permit granting authority as to whether the proposed Housing Creation conforms to the intent and purposes of this Section 11.200 et al. The report shall also recommend such conditions, if any, as the Trustees may find appropriate to the issuance of the special permit to assure full compliance with the intent of this Section 11.200.

The special permit granting authority shall give due consideration to the report of the Board of Trustees in granting any special permit subject to this Section 11.200 et al., and, in its discretion may approve the developers use of the Housing Creation Option.

11.203.2 *Requirements for Inclusionary Housing .*

(a) Any Inclusionary Project shall provide 15% percent of the total number of dwelling units up to the maximum allowed as of right as Affordable Units. Where the

application of that formula results in a fractional dwelling unit, a fraction of one half of a dwelling unit or more shall be considered as one Affordable Unit. Each Affordable Unit shall meet the standards established in Section 11.204.

(b) To facilitate the objectives of this Section 11.200, modifications to the dimensional requirements in any zoning district, as set forth in Section 5.30, shall be permitted as of right for an Inclusionary Project, as set forth below:

(i) The FAR normally permitted in the applicable zoning district for residential uses shall be increased by thirty (30) percent for Affordable Units as set forth in Section 11.203.2 (a) above, and at least fifty percent of the additional FAR should be allocated for the Affordable Units. In a Mixed Use Development, the increased FAR permitted in this paragraph (i) may be applied to the entire lot; however, any gross floor area arising from such increased FAR shall be occupied only by residential uses, exclusive of any hotel or motel use.

(ii) The minimum lot area per dwelling unit normally required in the applicable zoning district shall be reduced by that amount necessary to permit up to two additional units on the lot for each one Affordable Unit required in Section 11.203.2 (a) above. The additional units on a lot permitted by this paragraph (ii) shall not be considered in determining the threshold by which a special permit is required in Section 4.26 - Multifamily Special Permit Applicability and Section 11.10 - Townhouse Development of the Zoning Ordinance.

(c) For any Inclusionary Project that includes a total number of dwelling units that exceeds the maximum allowed as of right, the number of affordable units shall be no less than 15% percent of the total number of dwelling units in the project; however, the number of additional units permitted under Section 11.203.2 (b) (ii) above shall not be further increased.

(d) For any Voluntary Inclusionary Project that proposes to provide one Affordable Unit, the provisions of Section 11.203.2 (b) (i) and (ii) may be applied after the issuance of a special permit from the Planning Board. In issuing a special permit the Planning Board shall find that the additional dwelling units or gross floor area permitted will not create a development significantly different in scale, density, or placement on the lot than can be found on adjacent lots or in the surrounding neighborhood; or if the development is significantly more dense, larger in scale or closer to the lot lines than can be found on adjacent lots, the Board shall find that the size or shape of the lot, the characteristics of development on abutting lots, and the nature of the design proposed on the subject lot mitigate any negative impact that such additional development may impose. In making its findings the Planning Board shall consider the other kinds of dimensional relief that the development may require and the extent to which such relief varies from the requirements of the zoning district.

(e) Affordable Units required by this Section 11.203.2 shall be provided on-site. However, approval for alternate means of compliance may be granted by the Planning Board in certain exceptional circumstances. In granting such approval, the Planning Board must find that the property owner has demonstrated that building the required affordable units on-site would create a significant hardship. A significant hardship shall

be defined as being of such significance that the property can not physically accommodate the required affordable units and/or related requirements, such as height, setbacks, or parking. To have such a request considered, the burden of proof shall be on the property owner, who must make full disclosure to the Planning Board of all relevant information. Any request for alternate means of compliance shall be reviewed by the Affordable Housing Trust, which shall then forward its recommendation on the request to the Planning Board. The Affordable Housing Trust's recommendation shall be based upon whether the alternate means of compliance shall be of comparable value to the affordable unit that would have otherwise been provided in a comparable Inclusionary Project. The Planning Board's approval of the request shall be based upon the Affordable Housing Trust's recommendations, and the demonstration of hardship made by the property owner. The Planning Board may, in its sole discretion, use other information to determine the validity of the property owner's request. Approval of alternate means of compliance shall be only for payment of a sum equivalent to the value of the provision of an on-site Affordable Unit, which payment shall be made to the Affordable Housing Trust.

11.204 *Standards for Construction and Occupancy of Affordable Units.*

The following standards are intended to provide guidance to the special permit granting authority in instances where the Housing Creation Option is chosen to meet the requirements of this Section 11.200, to the Board of Trustees of the Trust in making any report it may make to the special permit granting authority or in authorizing the expenditure of any Housing Contribution funds, and to the Developer of any Inclusionary Project or Voluntary Inclusionary Project. In granting any special permit the special permit granting authority may allow for deviations from, or further define, these standards consistent with the purpose of this Section 11.200.

(a) Affordable Units in an Incentive Project shall be generally comparable in size and materials to dwelling units in the neighborhood or in the projection which it is located.

(b) To ensure livability, Affordable Units in an Inclusionary Project shall be generally comparable in size and materials to the other units in the overall project and consistent with local needs for affordable housing as approved by the Trust

For Inclusionary Projects or Incentive Projects where appropriate exteriors of affordable units shall closely resemble the exteriors of other units in a project, and shall be reasonably distributed throughout the project.

(c) The Affordable Units shall, to a reasonable extent, serve eligible households of diverse incomes, including very low income, and diverse sizes throughout the city.

(d) The Affordable Units shall be subject to deed restrictions providing that they shall:

1) be occupied by eligible households.

2) be conveyed subject to restrictions, which to the extent legally possible shall guarantee the permanent availability of the Affordable Units to eligible households. Such restrictions shall include but not be limited to limited equity deed restrictions. In general, to meet this requirement, affordable rent levels shall be maintained for a minimum of 50 years from the date of initial

occupancy in accordance with current practices of the City. With for-sale units, the City's current system of deed restrictions controlling resale prices shall be observed.

3) to the extent possible, give preference to eligible households who are Cambridge residents.

4) be rented or sold to Eligible Households, using marketing and selection guidelines customarily employed by the Community Development Department in selecting tenant and homeowner households under other City, state or federal housing assistance programs.

(e) The rental or ownership of affordable units shall mirror the project as a whole. For example, affordable units should be sold, not rented, where a majority of units will be offered for sale.

(f) The affordable units shall be affordable to households having a target income of 65% of the area median income, or if the household has access to a rent subsidy, a lower income. The Trust shall have the discretion to approve a mix of higher and lower rents or sale prices, the average of which approximates an affordable price for a household at the target income level.

(g) The intent of the Inclusionary Housing provisions is that the Affordable Units required hereunder not use public funds to create; these provisions however, are not intended to discourage the use of public funds to generate a greater number of affordable units than are otherwise required.

(h) One parking space for each Affordable Unit in an Inclusionary Project shall be provided. If there is fewer than one parking space provided for each unit in the development, then the number of parking spaces provided for the Affordable Units shall be in the same proportion as the number provided to the market rate units. If there is no parking fee for the market rate units in an Inclusionary Project, then there shall be no parking fee for the Affordable Units. If there is a parking fee for the market rate units in an Inclusionary Project subject to Section 11.200, then the maximum parking fee for the Affordable Units shall not exceed the lesser of the following:

1) That fee which is in the same proportion of parking fee to rent as for those market rate units of equivalent size to the Affordable Units and having the lowest rent in the Inclusionary Project, or

2) That fee which, when combined with the maximum rent permitted of an Affordable Unit as defined in Section 11.201, does not exceed thirty three (33) percent of the Eligible Household's income.

11.205 *Affordable Housing Trust.*

Pursuant to the provisions of Chapter 482 of the Acts of 1991, an Affordable Housing Trust Fund was established. To facilitate the implementation of the provision of this Section 11.200, the Affordable Housing Trust Fund receives funds generated by this Section 11.200 and specifically Section 11.203.1(a), as well as other funds generated from other sources.

11.205.1 Uses of the Affordable Housing Trust. The Trust property may be made available for, but shall not be limited to, the following uses.

1. Creation of Affordable Units. To encourage the development of Affordable Units through a variety of means, including, but not limited to, the provision of favorable financing terms or direct write down of costs for either nonprofit or for profit developers or to subsidize the purchase of sites, existing structures, or affordable units within a larger development.
2. Multifamily Rehabilitation Programs. To finance the substantial rehabilitation of deteriorated properties in a manner that preserves the affordability of units through interest rate subsidies, loan guarantees or write down of project costs. Multifamily housing owned by nonprofit entities that ensure maximum long-term affordability shall receive priority-funding consideration.
3. Limited Equity Cooperative or Condominium Conversion. For acquisition and rehabilitation of potential cooperatives or condominiums through low interest blanket loans, share loans or direct cost write down.

11.205.2 Administration of the Affordable Housing Trust and its Activities. The Trust property may be made available to fund reasonable administrative expenses necessary to support Trust activities, including but not limited to consulting services such as legal, appraising or engineering, as well as other project related expenses. The Community Development Department shall provide the Board of Trustees with technical and administrative assistance.

11.205.3 Board of Trustees of Affordable Housing Trust. The City Manager shall appoint and chair a nine (9) member Board of Trustees of the Affordable Housing Trust. The Board of Trustees shall be composed of representatives from different sectors of the community with housing policy, and may include members of City Boards and agencies, nonprofit housing organizations and community representatives. The trustees, with concurrence of the City Manager, shall establish regulations for the operations of the Trust and Board of Trustees, and procedures for the implementation of this Subsection 11.205.

1) The Board of Trustees shall manage and administer the Affordable Housing Trust Fund including the disbursement of all funds, units and land conveyed to the City of Cambridge.
2) The Board of Trustees shall review and approve or disapprove proposals submitted for use of the Housing Trust Fund. The Board shall develop policies and standards appropriate to and consistent with the Incentive Zoning and Inclusionary Housing provisions, section 11.200.
3) The Board shall explore the feasibility of and assist in the establishment of new programs designed to meet Cambridge affordable housing needs. These programs may include a city wide Land Bank program and Home Mortgage Pool.
4) The Board of Trustees shall provide assistance and necessary reports where appropriate to any special permit granting authority authorized to issue a special permit for any development making use of funds from the Affordable Housing Trust or subject to any provisions under this Section 11.200.

11.206 *Enforcement*

The Community Development Department shall certify in writing to the Superintendent of Buildings that all conditions of this Section 11.200, including any conditions that may be established by the special permit granting authority in issuing a special permit under this Section 11.200, have been met before issuance of the first building permit for any Incentive Project, Inclusionary Project, or Voluntary Inclusionary Project. Before the issuance of the first Certificate of Occupancy for such development the Trust shall certify in writing to the Superintendent of Buildings that all documents have been filed and actions taken that are necessary to fulfill the conditions of this Section 11.200 and any special permit authorized herein.

(a) The information required by the Large Project Submittal Requirements as described in Paragraph 1.45 of this Ordinance.

(b) A traffic study certified as being done in a complete and reliable manner by the Traffic, Parking and Transportation Department. The required traffic study shall include information on Parking Transportation Demand Management measures, which may mitigate projected traffic impacts. Such certifications must be issued or denied within twenty-one (21) days of its request and must only certified the methodology used, not necessarily the accuracy of the data.

Any applicant who has been granted a special permit prior to the effective date of this amendment must apply for a "Planning Overlay Special Permit" by no later than 60 (sixty) days after the issuance of the original special permit.

11.511 *Criteria for Special Permit*

A. In granting a planning overlay special permit the Planning Board will ensure that the project conforms with the following growth policies as set forth in the Cambridge Growth Policy Document, "Towards a Sustainable Future":

Growth Policy #13. A pace of development or redevelopment should be encouraged that permits the maintenance of a healthy tax base, allows for adjustment and adaptation to changing economic conditions, and is consistent with the City's urban design and other physical development objectives yet does not unreasonably disrupt the daily activities of the city's neighborhoods and residents or overburden the city's water and sewer infrastructure.

Growth Policy #27. Where possible, construct new affordable housing that fits neighborhood character. In existing residential neighborhoods housing should be built at scale, density, and character consistent with existing development patterns. Permit reconstruction of affordable housing (defined as more than 50% of units rented or owned by households at 80% or less than median income) that serves a wide range of incomes and groups at previous nonconforming density where reconstruction is less expensive than rehabilitation. Emphasize construction of affordable housing designed for families with children.

Growth Policy #39. Development patterns in all nonresidential areas must be planned to minimize negative impact on abutting residential neighborhoods.

Growth Policy #66. New open space facilities, including larger ones for organized activities, should be considered for those private developments where the size of the development, the amount of and area and/or the ownership patterns provide the flexibility to accommodate such a facility without loss of economic value for other uses.

B. Additionally, the Planning Board shall, before issuing a special permit, find that the project will have no substantial adverse impact on city traffic. In determining whether there is a substantial adverse impact, the Planning Board shall apply criteria for

measuring traffic impact based on the best available measures of traffic volumes and level of service, as recommended by the Traffic, Transportation and Parking Department. These criteria shall be updated as new data on existing traffic volumes and level of service are compiled.

11.512 *Enforcement.* The Superintendent of Buildings will require certification from the Planning Board that it has issued a special permit to the applicant to which paragraph 11.502 applies before issuing a building permit to that applicant.

11.513 *Expiration.* A Planning Overlay Special Permit will expire one (1) year if construction on the project has not begun and no extension has been granted by the Planning Board. Such extension may only be granted for good cause. If expiration takes place the Superintendent of Buildings will revoke any building permit granted under the special permit effective the date of expiration.

APPENDIX 2

THE IMPACT OF CAMBRIDGE OFFICE DEVELOPMENT ON CAMBRIDGE HOUSING PRICES

A Study Prepared For The

Department of Community Development

City of Cambridge

By

Jerold S. Kayden and Robert Pollard

April, 1988

I. Introduction and Summary

The purpose of this study is to estimate some of the impacts of private office development in Cambridge on the City's housing market. Office and housing markets are related. Office development attracts new employees, some of whom enter the housing market, increase the demand, and place upward pressure on prices. These higher prices are paid not only by new residents but by many current Cambridge residents.

This study is divided into three parts:

one, calculation of the increase in housing demand generated by office development;

two, calculation of the impacts on housing prices associated with the increase in housing demand;

three, calculation of the impacts on housing prices per square foot of office development.

This study finds that 4% of Cambridge office building employees move to the City because of their job. Put another way, for every 6,250 square feet of office space developed, an additional office employee relocates to Cambridge. Nearly 1,000 new resident employees moved to Cambridge over the past 6 years.

This study also finds that the impact of these new resident employees falls primarily on renters of non-rent-controlled units, and that the annual addition of new resident employees raises these rents by more than 5% annually. The total annual increase in rents is approximately $3 million. Thus, each square foot of Cambridge office development results in a $3 increase in citywide non-controlled housing prices.

II. The Study

A. Increase in Housing Demand

New Cambridge office development may result in residential migration to the City. Employees living outside of Cambridge and taking jobs in Cambridge office buildings may choose to move to Cambridge.[1] A survey was conducted to calculate the number of these "new resident employees."

The first step was to identify those Cambridge office buildings to be surveyed. Since newer and larger office buildings more closely approximate present and future development, the 20 largest office buildings completed since 1981 were selected.[2] Exhibit 1 lists the 20 buildings chosen.

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1. A person's residential location decision depends on many factors, including workplace location, availability and cost of transportation, housing prices, lifestyle choices, and neighborhood and school quality. Since travelling to work is costly in time and money, workplace location plays a central role in that decision. Other things being equal, people prefer to live close to their job. Urban economists have long documented this preference. See, e.g., E. Mills Urban Economics 60-65 (1972); J. Kain, "The Journey to Work as a Determinator of Residential Location," Papers and Proceedings of the Regional Science Association, Vol. 9 (1962).

2. See "List of Office Buildings," Cambridge Community Development Department (January 1988). The new buildings include new construction and substantial rehabilitation projects. Survey distributors were prevented by building managements from distributing surveys at two of the 20 buildings. Therefore, the next two largest buildings were added to the survey sample.

EXHIBIT 1: BUILDINGS (CAMBRIDGE OFFICE EMPLOYEE SURVEY)

Building	Size[3]	Date Completed
Riverfront Office Park	606,300	1982 and 1987
One Kendall Square	437,000	1987
Athenaeum Press Bldg.	340,000	1981
One Memorial Drive	340,000	1987
Riverside Place	290,000	1985
Riverview Office Bldg.	275,000	1984 and 1985
Five Cambridge Center	250,000	1981
150 Cambridgepark Drive	248,000	1986
Four Cambridge Center	225,000	1983
One Cambridge Center	210,000	1987
University Place	200,000[4]	1985
One Hampshire St.	184,000	1985
125 Cambridgepark Drive	184,000	1984
Nine Cambridge Center	155,000	1984
One Alewife Place	136,000	1983
Continental Can Rehab	125,000	1982
Fresh Pond Square	118,000	1985
Charles Square	115,000	1985
Interleaf Bldg.	111,000	1985
1000 Massachusetts Ave.	108,000	1982

3. These figures, measured in total rentable square feet, in some cases include both office and retail space, although the retail amounts are relatively small.

4. This amount includes 70 residential condominium units.

The survey was conducted from March 4, 1988 to March 11, 1988, between the hours of 8:00 am. and 9:15 am. Eight persons distributed a postage-paid[5] survey questionnaire to employees at the entrance of buildings, and at the entrance to parking garages where applicable.

The key question in the survey was directed at office employees who were Cambridge residents: "Did you move to Cambridge because of a job you took in a Cambridge office building?" Exhibit 2 includes the full survey questionnaire.

5. The return address on the survey questionnaire was "Urban Research Systems" and a post office box. The name "Urban Research Systems" was used only for purposes of the survey.

EXHIBIT 2: QUESTIONNAIRE (CAMBRIDGE OFFICE EMPLOYEE SURVEY)

Urban Research Systems is conducting a survey of employment, housing, and commuting patterns in Cambridge. Please take a few moments to answer the following questions and drop the postcard in the mail. Your cooperation is appreciated.

1. Do you work in a Cambridge office building?

   ____ yes (_____)

   ____ no street address

2. What is your occupation? (_____)

3. Do you live:

   ____ in Cambridge

   ____ elsewhere (_____)

   name of town

4. Do you:

   ____ own your residence

   ____ rent your residence

5. If you rent your residence, is it rent-controlled?

   ____ yes ____ no

6. Which of the following do you use to travel to work?

   ____ walking ____ auto ____ bus ____ subway ____ other

7. **FOR CAMBRIDGE RESIDENTS ONLY:** Did you move to Cambridge because of a job you took in a Cambridge office building?

   ____ yes ____ no

Approximately 3,500 questionnaires were distributed, and 795 were returned. 781 of the 795 respondents were Cambridge office employees, and 92 or 12% of them lived in Cambridge. Of the 92 Cambridge resident office employees, 31 or 34% moved to Cambridge because of a job taken in a Cambridge office building. Thus, of the 781 total office employees responding to the survey, 31 or 4% were new resident employees: they moved to Cambridge because of their job.[6] Exhibit 3 shows selected survey results.

6. This result is statistically significant at a 5% level. Cambridge office development may have resulted in greater residential migration to the City than that suggested by the survey results. First, a survey of current office employees does not reach persons who moved to Cambridge because of a job in a Cambridge office buildings but who no longer work in a Cambridge office building. Second, office development creates additional non-office jobs to service the office development, and some of these workers may also move to the City.

EXHIBIT 3: SELECTED RESULTS (CAMBRIDGE OFFICE EMPLOYEE SURVEY)

Residential Location	Total	Percentage
Live in Cambridge	92	12%
Live outside of Cambridge	689	89%
Total	781	100%

Reason for Residential Location in Cambridge

Moved because of office building job	31	34%
Did not move because of office building job	61	66%
Total	92	100%

By multiplying the survey-derived new resident employee percentage by the number of office employees, a figure for new residents generated by office development may be calculated.[7] From 1981 through 1987, the Cambridge office space inventory increased from 1.8 million to 7.7 million total rentable square feet, for a total increase of about 6 million sq. ft.[8] This represents an average increase of around 1 million sq. ft. per year.

Assuming a ratio of 4 employees per 1,000 sq. ft. of office space, or 1 employee for every 250 sq. ft., 1 million

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7. Some observers argue that office development does not "cause" the influx of new resident employees, because growth in office space is merely a response to firms who rent space and hire employees. The allocation of ultimate causal responsibility for the in-migration is beyond the purview of this study. For a discussion of this issue, see Kayden and Pollard, "Linkage Ordinances and Traditional Exactions Analysis: The Connection Between Office Development and Housing," 50 Law and Contemporary Problems 127, 131-132 (1987).

8. See Spaulding & Slye, "The Boston Area Report: Cambridge Market Survey" (July, 1981); Spaulding & Slye, "Cambridge Office Report" (October, 1987). Office inventory is measured as total rentable area.

square feet of annual office growth generates 4,000 new office employees per year.[9] Applying the survey results, 4% or 160 new office employees annually move to Cambridge to become new residents of the City. Put another way, one new resident employee arrives for every 6,250 sq. ft. of office space developed.

9. There are many rules of thumb used for office space per employee. These numbers depend on a variety of factors, including the type of business, the length of tenancy, the number of building tenants, and current office space vacancies. One source analyzed 47 different studies and suggested that office buildings between 100,000 and 200,000 gross sq. ft. average 4.4 employees per 1,000 sq. ft., and 3.5 employees per 1,000 sq. ft. for buildings over 200,000 gross sq. ft. See Institute of Transportation Engineers, Trip Generation 885 (4th ed. 1987). Although the Cambridge office inventory figures used for this study are total rentable rather than gross square feet, it is convenient and conservative to use a round figure of 4 employees per 1,000 total rentable sq. ft.

B. Housing Price Impacts

New resident employees generated by office development enter the Cambridge housing market, increase the demand, and place upward pressure on housing prices. A large percentage of Cambridge residents live in rent-controlled units and therefore are protected from price impacts. Current owners of property are also insulated from price increases, and indeed may enjoy appreciation of their property values owing to the increased demand.[10] It is the renters of non-rent-controlled units, 58% of whom have incomes below the median,[11] who are most affected by the new resident employees. Non-controlled tenancies are yearly or monthly, and their rents may be raised or lowered according to current market conditions. Thus, this study focuses on the impact of new resident employees on renters of non-controlled housing.

The first step is to determine what percentage of new resident employees rent non-controlled housing. The office employee survey indicated that 22 of the 31 new resident

10. Existing Cambridge renters desiring to purchase a residence will face a relatively modest increase in housing prices. The survey results suggest that only 16% of the new resident employees purchase housing units. Given the size of the market for owner-occupied units compared with the number of new resident employees who compete in that market, the price impact is small.

11. See Abt Associates, "Cambridge Housing Study: Final Report," Exhibit 3-4, p. 19 (June 1987).

employees, or 71%, rented non-controlled housing units.[12] Thus, of the 160 new resident employees arriving annually in the city, 114 may be expected to enter the non-controlled rental market.

Each new resident employee does not necessarily create a demand for one unit. For example, new resident employees may live together or move into an already occupied unit. Thus, a further adjustment is required to calculate the number of non-controlled housing units demanded, as distinct from the number of new resident employees entering the non-controlled housing market. Although no direct statistics are available, a reasonable estimate of 1.4 office employees per non-controlled unit demanded may be made from data compiled in a recent Cambridge housing study.[13] This means

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12. It is reasonable to believe that most new resident employees who rent housing will rent market-rate, as opposed to rent-controlled, housing. Available rent-controlled apartments are scarce, and newcomers will find it difficult to obtain them. However, the sample size underlying the allocation of renters between market and controlled units was too small to produce statistically significant results. Of the other 9 new resident employees represented in the survey, 4 occupied rent-controlled units, and 5 owned their housing.

13. See Abt Associates, "Cambridge Housing Study: Final Report," Exhibit F-1. That study indicated that non-controlled non-subsidized units are occupied predominantly by households with no fully employed, one fully employed or two fully employed persons. Id. Exhibit F-1. Households with no fully employed persons are not relevant for purposes of this study. Using the universe of households with one or two fully employed person, those with one constitute 60% of the households, and those with two constitute 40%. A weighted average suggests that the average non-controlled non-subsidized rental household has 1.4 fully employed workers, and this figure may be used as a reasonable proxy for new resident employees.

that each new resident employee demands 0.7 housing units. Thus, the annual 114 new resident employees seeking non-controlled housing demand 80 units.

The total supply of occupied non-controlled non-subsidized units has been estimated at 7,400 units.[14] Over an average year, 20% of those units, or 1,480 units, become available for rental by new tenants.[15] Without the new resident employees generated by office development, there would be 80 fewer units demanded, representing a decrease in demand of 5.4%.

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14. See Abt Associates, "Cambridge Housing Study: Final Report" 5. That study calculated the number of non-controlled non-subsidized units as a residual number, by subtracting from the total number of Cambridge households the figures for owner-occupied, rent-controlled and subsidized units. The total number of households in Cambridge was 38,836, with 8,857 (22.8%) owner-occupied units, 17,116 (44.1%) rent-controlled units, 5,463 (14.1%) subsidized units, and 7,400 non-controlled non-subsidized units. Id.

15. For all non-controlled non-subsidized units, 32% were occupied for up to 1 year, 18% for 2 years, 18% for 3-4 years, 16% for 5-9 years, 6% for 10-14 years, 2% for 15-19 years, and 7% for 20 or more years. See Abt Associates, "Cambridge Housing Study: Final Report," Exhibit 3-12, p.31. Using a mid-point year for the ranges, and 25 years for the 20 or more years range, the average length of occupancy in a non-controlled non-subsidized units is about five years.

The length of occupancy indicates how often people move and make their units available for rental by new persons. For example, if the average resident remains in his or her apartment for one year and then moves, then the entire stock of rental housing becomes available to new renters over the year. If the average resident occupies his or her unit for two years, then it is reasonable to assume that one-half of all units become available in any given year. In Cambridge, where the average renter stays for five years, 20% of all units may be expected to be available for rental during any given year.

Assuming a price elasticity of demand of 1,[16] this means that non-controlled housing prices would have been 5.4% lower were it not for the addition of new resident employees generated by Cambridge office development. With an average monthly rent of $622,[17] this suggests that rents would have been $34 lower, or $588 per month, without the new resident employees. Because Cambridge landlords of non-controlled units generally set rents on the basis of prices currently prevailing and reflected in the latest rental market transactions, housing price increases will be felt by all non-controlled renters. To calculate the yearly price impact on all non-controlled renters, one must multiply $34 X 12 X 7,400 units, for a total price impact of approximately $3 million.[18]

16. Price elasticity of demand measures the responsiveness of price to changes in demand. See E. Mills, Urban Economics 164 (1972). Studies of urban housing markets suggest that a reasonable estimate for the price elasticity of demand for housing is 1. Id. This means that a 1% increase (decrease) in the demand for housing leads to a 1% increase (decrease) in its price.

17. See Abt Associates, "Cambridge Housing Study: Final Report," page i.

18. The approach here implicitly assumes that new resident employees immediately affect the demand for housing, but that the supply of housing responds with a lag. Of course, because the supply of land is finite, even when the supply of housing adjusts to new conditions, housing prices will not fall to their original level.

C. Housing Price Impacts Per Square Foot of Office Development

As discussed earlier, for the 6-year period 1981 through 1987, the Cambridge office space inventory increased from 1.8 million to 7.7 million net rentable square feet. The total increase of about 6 million sq. ft. translates into an average annual increase of around 1 million sq. ft. The annual housing price impact caused by new resident employees entering the non-controlled rental housing market is about $3 million. Thus, the average price impact of one square foot of Cambridge office development is $3.00.

APPENDIX 3

THE IMPACT OF CAMBRIDGE OFFICE DEVELOPMENT ON CAMBRIDGE HOUSING PRICES

A Study Prepared for the

COMMUNITY DEVELOPMENT DEPARTMENT OF
THE CITY OF CAMBRIDGE

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THE CENTER FOR URBAN AND REGIONAL POLICY
NORTHEASTERN UNIVERSITY

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EXECUTIVE SUMMARY

New office development brings both benefits and burdens to cities. On the one hand, an increased amount of office space means new jobs as well as additional tax revenue to support city services. It also increases the number of consumers patronizing retail outlets and restaurants, and energizes important aspects of city life. On the other hand, more office development can generate increased rental housing prices caused by extra demand from new resident employees. For low- and moderate-income renters, this price increase may make living in the city highly difficult or even untenable, thereby mitigating the diversity of the city's population.

The Incentive Zoning Ordinance ("Ordinance") adopted by the City of Cambridge in 1988 asks office developers who have requested an increase in density or intensity of use to mitigate the impact of the demand for housing that accompanies their office development by contributing funds for the construction of affordable housing. Through these proceeds, the City helps increase the supply of affordable housing, thereby keeping pace with rising demand and allowing a diverse group of individuals and families to remain or become residents of the city.

The size of the housing contribution stipulated by the Ordinance is based, in part, on the housing price impact of new office development in Cambridge. The contribution amount, first set in 1988, was most recently adjusted in September 2000 to account for price inflation from September 1997 to September 2000. Changes since 1988 in the nature of Cambridge's economy and its regulatory environment, including the expansion of high technology research firms, the end of rent control, and the City's competitive position relative to neighboring jurisdictions, all

suggest that the overall contribution amount set by the Ordinance should be reexamined, and, if necessary, changed.

Specifically, this study measures the rental price impact of new office development on low- and moderate-income renters living in market-rate housing in Cambridge. The study has two sections:

1. The first section estimates the price impact of new office development on market-rate rental units occupied by low- and moderate-income households. This estimate is based on a survey of Cambridge office employees and information about the market-rate rental housing stock in Cambridge.

2. The second section briefly reviews the competitiveness of Cambridge in attracting economic development projects in light of the Incentive Zoning contribution and other development costs.

Based on a survey of over 1,200 Cambridge office employees in June 2001, this study finds that approximately nine percent of all office employees moved to the City to take a job in a Cambridge office building. Put another way, one new employee moves to Cambridge for every 2,778 square feet of new office space developed. Calculations indicate that between 1988 and 2000, the annual addition of these new resident employees increased the annual demand for market-rate rental housing in Cambridge by 2.16 percent, or 98 units. This increase in demand initially increased the monthly rent of each market-rate rental housing unit in Cambridge by $35. For low- and moderate-income renters in Cambridge, the first-year housing price impact

brought about by new Cambridge office development from 1988-2000 was $2.1 million. The research team assumed that this housing price impact persisted but decreased in successive years, as the market created new housing to meet the increase in demand. Assuming that the market created enough housing to meet the increase in this office-generated demand over three years, the total housing price impact on low- and moderate-income rental units in Cambridge was $4.1 million. Using this estimate and the amount of office space built from 1988 to 2000, the total housing price impact per square foot of new office development on low- and moderate-income rental units was $7.83. The methodology used to calculate this number is presented in detail in the body of the report.

At the time of this report, vacancy rates in Cambridge commercial office buildings (with the exception of biotechnology buildings) have risen sharply as a result of the slowdown in the overall economy and the particular difficulties faced by the high tech industry. Nonetheless, when the economy begins to recover, Cambridge is in a strong position to attract new office development projects. This will put new pressure on market-rate rental prices for housing. Using the proceeds from the Incentive Zoning Ordinance to offset the impact on low- and moderate-income families will help keep Cambridge the diverse city it has historically been.

I. THE STUDY

The following section outlines the methodology used to compute the impact of office development in Cambridge on the prices of market-rate rental housing that is occupied by low- and moderate-income households in Cambridge.[1] The methodology builds on the methodology used by Kayden and Pollard in their 1988 study "The Impact of Cambridge Office Development on Cambridge Housing Prices."[2] This methodology calculates the increased housing demand generated by office development based on a survey of Cambridge office employees and on a number of facts and assumptions about the City's housing market. It then calculates the price impact of the increased housing demand on market-rate rental housing occupied by low- and moderate-income households. Finally, it converts this housing price impact into a housing price impact per square foot of office development.

A. *Increase in Housing Demand*

New Cambridge office development results in residential migration to Cambridge, because some employees working in the new office buildings move to Cambridge when they start working in the new development. In order to calculate the number of these "new resident employees," the project team conducted a survey of existing office employees in Cambridge. The team conducted an intercept survey at selected office building sites around Cambridge from June 12, 2001 through June 14, 2001. Survey administrators screened potential respondents with the question, "Do you work in a Cambridge office building?" A detailed review of the survey methodology and a copy of the survey questionnaire are included as Appendices 1 and 2.

The project team distributed 3,634 questionnaires and obtained 1,440 completed questionnaires, representing a calculated response rate of nearly 40 percent. Of the 1,440 respondents, 1,262 reported that they were office workers in Cambridge, and, of these, 236 (19 percent) lived in Cambridge. Of the 236 Cambridge resident office employees, 118 (50 percent) reported that they moved to Cambridge because of a job they took in a Cambridge office building. Thus, of the 1,262 total Cambridge office employees responding to the survey, 118 (9 percent) were "new resident employees": they moved to Cambridge because of their job.[3] Selected survey results are included in Appendix 3.

Between 1988 and 2001, the percentage of Cambridge office workers who live in Cambridge increased from 12 percent to 19 percent, and the percentage of Cambridge office workers who live in Cambridge because they took a job in a Cambridge office building increased from four percent to nine percent.[4] The increase in the number of high technology firms in Cambridge during the 1990s might help explain the significant increase in the percentage of individuals moving to Cambridge because of a job in the city. The high technology job market tends to attract a young and highly educated population that often prefers living in urban areas.[5] This job market also offers relatively high salaries,[6] allowing those who have a high technology job to afford the high housing prices and other costs of living associated with Cambridge. High technology will likely continue to play a major role in the development of Cambridge office space.

The migration of people to Cambridge for a job has an impact on the existing Cambridge housing market. These new employees and their households increase the demand and

competition for housing, placing upward pressure on housing prices. If there are few vacancies in the housing market and no immediate increase in housing production to match the new demand, housing prices and rents will normally increase. Since Cambridge is largely a built-out city, development of new housing to meet the new demand is not always easy. Existing property owners are insulated from these price increases and may, in fact, enjoy increased property values and/or rental income. Existing renters, however, will likely pay a higher proportion of their income for shelter and, if prices rise high enough, be forced to leave the city altogether. This study focuses only on the housing price impact on renters in Cambridge.

B. *Housing Price Impact*

The following discussion provides an outline of the methodology for calculating the housing price impact caused by new office development on units occupied by low- and moderate-income households in Cambridge. To calculate this housing price impact, the study uses the results of the survey of Cambridge office employees, information about office development in Cambridge, and facts and assumptions about the existing housing stock in Cambridge. Constructing the estimate for the housing price impact per square foot of office development in Cambridge (over the years 1988 to 2000) involved the following steps.

<u>Step 1</u>: Annual number of new resident employees generated by new office development

The study calculated the annual number of new resident employees generated by new office development by multiplying the survey-derived new resident employee proportion by the number of office employees accommodated annually in newly constructed office space for the

1988-2000 period.[7] Relying on the fact that office development increased by an average of 507,285 square feet per year between 1988 and 2000 and the assumption that one office employee occupies an average of 250 square feet of space,[8] the study estimates that 2,029 employees were accommodated annually in Cambridge's new offices (507,285 gross square feet / 250 gross square feet per office employee = 2,029 employees). Applying the survey results, 183 office employees (nine percent) moved annually to Cambridge to become new resident employees in the city (2,029 employees * 9.0% = 183 employees).

Step 2: Annual number of new resident employees generated by new office development who live in market-rate rental units

The study next determined what percentage of new resident employees rent, rather than own, housing in Cambridge. Applying the survey-derived proportion of renters vs. owners, 137 (75 percent) rented, rather than owned, their housing in Cambridge.

Step 3: Annual number of market-rate rental units demanded by new resident employees

Each new resident employee does not necessarily create a demand for one unit of housing. Indeed, some new resident employees move in with others or move into an already occupied unit. Therefore, determining the number of housing units demanded by the new resident employees requires further adjustment. An estimate for the number of wage earners per household in Cambridge is 1.4.[9] Therefore, the 137 new resident employees who enter the rental market demand 98 units of market-rate rental housing (137 new resident employees / 1.4 wage earners per household = 98 units).[10]

Step 4: Annual impact on market-rate rental housing demand from new resident employees

The total supply of market-rate rental housing units in Cambridge is 22,597 units.[11] Of this number, 20 percent (4,519 units) of the units "turn-over" and are available for rental each year (22,597 units * 20% = 4,519 units).[12] With the addition of new resident employees generated by office development each year, there is demand for 98 more units of market-rate rental housing. This represents an annual increase in demand of 2.16 percent (98 units / 4,519 available units = 2.16%).

Step 5: Impact of annual increase in demand for market-rate rental units on average rents in Cambridge

With an average monthly rent for market-rate rental units of $1,623 and a price elasticity of demand of 1.0,[13] the average rent without the increase in demand for market-rate rental units generated by new resident employees would have been $1,588 [$1,623 – ($1,623 * (2.16% * 1.0)) = $1,588]. Therefore, the increase in demand for market-rate rental housing units resulted in an increase in average monthly rent for available units of $35 ($1,623 - $1,588 = $35).

Step 6: Annual housing price impact for market-rate rental units occupied by low- and moderate-income households

This study is concerned with the price impact on market-rate rental units occupied by low- and moderate-income households. According to income figures calculated by the U.S. Department of Housing and Urban Development,[14] a four-person low- and moderate-income household in Cambridge earns up to $58,300. Low- and moderate-income households are assumed to inhabit 12,863 (44.3 percent) of the 29,037 total rental units in Cambridge.[15] Of these 12,863 units

inhabited by low- and moderate-income households, 6,440 are subsidized units, leaving 6,423 market-rate units for low- and moderate-income households.[16]

Rents for market-rate apartments typically increase at different rates depending upon whether a lease is renewed or new. Available evidence suggests that renewal leases only increase by 71 percent of the amount that new leases increase.[17] Using this information, the monthly price impact on a rental unit that has a new lease will be $35 and the monthly price impact on a rental unit that has a renewed lease will be $24.85. Step 4 states that twenty percent of units turn over in a year and that eighty percent of units are re-leased. As a result, the total annual housing price impact generated by new resident employees for market-rate rental units for low- and moderate-income households is $539,532 for units that turn-over and have a new lease and $1,532,271 for units that are re-leased. The total annual housing price impact is $2,071,803. This is calculated as follows:

Units that turn over: [(20% * 6,423) * $35 * 12 months] = $539,532 plus,

Unit that are re-leased: [(80% * 6,423) * ($35 * 71%) * 12 months] = $1,532,271.

$539,532 + $1,532,271 = $2,071,803

<u>Step 7</u>: The annual housing price impact on market-rate rental housing occupied by low- and moderate-income households per square foot of new office space

The annual housing price impact on market-rate rental housing occupied by low- and moderate-income households per square foot of office space is $4.08 ($2,071,803 / 507,285 square feet of commercial office space per year = $4.08).

<u>Step 8</u>: Supply response to the increased demand for market-rate rental housing

The housing price impact per square foot of office space of $4.08 represents the price impact for only one year, but the impact of the new demand for housing will have a longer-term effect because of lags in housing supply adjusting to new housing demand. There will be a continuing, albeit decreasing, price impact on renters until enough new rental housing has been supplied to meet the increased demand. Therefore, to calculate the total housing price impact, it is necessary to aggregate annual housing price impacts until the rental housing supply has increased enough to meet the increased rental housing demand.

At the beginning of the first year of impact generated by new office development the housing price impact is $4.08. Over the course of the first year, this study assumes that the supply of housing will increase to meet 33 percent of the increased demand for housing. Therefore, at the beginning of the second year, there is a housing price impact of $2.70 (66 percent of the original housing price impact of $4.08). Over the course of the second year, there is a supply response from the market of another 33 percent. Therefore, at the beginning of the third year, there is a housing price impact of $1.35 (33 percent of the original housing price impact of $4.08). Over the course of the third year, there is a supply response from the market of the last 33 percent. Therefore, at the beginning of the fourth year, there is no longer any housing price impact. Taking this supply response into account, the following chart indicates the annual price impact per square foot of office space for the four years following an increase in office development.

	Year			
	1	2	3	4
Annual Payment	$4.08	$2.70	$1.35	$0.00

<u>Step 9</u>: Present value total of the annual price impacts per square foot of office space

Using a discount rate of six percent[18] to discount price impacts due to office development, the *total* price impact of a square foot of office space is $7.83 [($4.08) + ($2.70 / $(1.06)^1$) + ($1.35 / $(1.06)^2$) + ($0.00 / $(1.06)^3$) = $7.83].[19]

The housing price impact of a square foot of new office development on low- and moderate-income rental units is estimated to be $7.83.

Comparison with the 1988 Housing Price Impact

This result represents an increase from the housing price impact of $3.00 per square foot of office space determined in the 1988 Kayden and Pollard study. This increase is explained by two main factors. First, the percentage of Cambridge office employees who said they moved to Cambridge to take a job more than doubled – from four percent in 1988 to nine percent in 2001. Second, the 1988 study looked at the housing price impact for one year only, while the 2001 study looks at the housing price impact over a time span of four years.[20] Looking at the housing price impact over four years provides a more accurate assessment of the total housing price impact. Appendix 4 provides a more in-depth comparison of these calculations for the housing price impact calculations in 1988 and 2001.

II. INCENTIVE ZONING AND ECONOMIC DEVELOPMENT IN CAMBRIDGE

The rationale for the Incentive Zoning Ordinance must be considered in light of the City's interest in encouraging continued economic growth and development. To evaluate the impact of the Incentive Zoning Ordinance on the pace and type of growth and development in Cambridge, this section:

- Surveys development trends in Cambridge; and
- Considers the relationship between Cambridge's commercial tax rate and the proposed housing contribution on the decision of developers to locate new development in the City.

The methodology for this section consisted of interviewing developers and real estate representatives and gathering data from assessor and community development offices of Cambridge, Boston and surrounding communities.[21]

A. *Office Development Trends in Cambridge*

Office development in Cambridge in the 1990s was targeted to provide space for "new economy" firms. Indeed, Cambridge is a world capital for biotechnology and home to leading business consulting, computer engineering, software development, telecommunications, medical equipment, architectural design, and environmental engineering and research firms. In many ways, Cambridge has been a leader in the Greater Boston area's transformation from an old and declining manufacturing region to a high quality labor market area. Of particular note, this transformation has been accompanied by low vacancy rates and high real estate prices. For

instance, in 1999 – a banner year for office and research and development space in Cambridge – vacancy rates hovered below one percent.

Office development trends in Cambridge are influenced by larger economic cycles. The low vacancy rates that accompanied the economic boom of the late 1990s have increased with the slowing of the economy. By the end of 2000, vacancy rates had increased to just over three percent. By the end of June 2001, vacancy rates had increased to nearly 12 percent.[22]

With rents down from their peak levels in 2000, Insignia/ESG reports that office tenants who were priced out of the Cambridge market over the last several years are returning.[23] Recent rent proposals for Class A space (e.g. Kendall Square and East Cambridge) are in the $40-50 per square foot range, for example, as compared to $60-75 in November 2000. Firms can find rents as low as $36 per square foot in West Cambridge. Increasingly aggressive sublease offerings are also contributing to the decline in rents.

Cambridge's biotech industry provides an exception to these trends. Rents charged for "biotech ready" buildings have remained stable at around $50-60 per square foot. Vacancy rates for biotech space have also remained within the two to four percent range. These rates may change over the next several years as 1.5 million square feet of new biotech-ready space become available in Cambridge.

B. *Development Location Decisions*

Office developers base city location decisions on a myriad of factors: demand for and supply of office space, land availability, and tax burdens and tax incentives, among others. On the basis of these factors, Cambridge continues to have powerful locational advantages in comparison to surrounding communities.

Cambridge has one of the lowest commercial tax rates among surrounding towns and cities, as illustrated in Appendix 5. At $23.39 per $1,000 in assessed value, Cambridge's rate is considerably lower than its main competitor for office development, Boston, which has a rate of $30.14. Boston's higher commercial tax rate raises the cost of operation, especially for large developments, with limits on what may be passed on to the tenant. Since asking rents are virtually the same in the two cities – an average of $52 per square foot in Boston versus $54 in Cambridge[24] – lower commercial tax rates give Cambridge an advantage over Boston for office development.

Cambridge, Boston, and Somerville are the only cities in the Greater Boston area that have adopted incentive zoning ordinances specifically designed to mitigate the effects of office development on housing costs. Appendix 6 compares these Incentive Zoning programs in the three cities.

According to interviews with local developers, the cost of the Incentive Zoning contribution plays only a small role in development decisions. Some reported that existing contributions are neither prohibitive nor an impediment to development.[25]

Cambridge offers many other locational advantages that attract office developers. Cambridge's distinctive business environment begins with its major academic institutions, MIT and Harvard. These institutions produce a top-notch labor pool and stimulate a great deal of office development through spin-off research projects. The concentration of so many high quality biotechnology and information technology businesses has resulted in excellent name recognition for the City of Cambridge, making it a highly sought after address for many businesses. Together, these non-pecuniary factors weigh heavily in the decision-making process for businesses considering Cambridge as a potential home, making it unlikely that a small increase in the Incentive Zoning contribution will impede future office development in the city.

Endnotes

[1] In this study, the terms "low" and "moderate-income" refer to households earning no more than 80% of Area Median Income (AMI) as defined by the U.S. Department of Housing and Urban Development.

[2] For a discussion of conceptual issues related to this methodology, see Jerold Kayden and Robert Pollard, "Linkage Ordinances and Traditional Exactions Analysis: The Connection Between Office Development and Housing," in 50 Law and Contemporary Problems 127, 131-32, 134 (1987). See also Alan Altshuler and Jose Gomez-Ibanez, Regulation for Revenue: The Political Economy of Land Use Exactions, Washington, D.C./Cambridge: Brookings/Lincoln Institute, 1993): 132-34.

[3] This figure may actually underestimate the number of people moving to Cambridge because of their job in Cambridge, because it does not necessarily include students who graduate from a university in Cambridge and then stay in Cambridge to take a job. While technically these individuals may not think of themselves as having "moved" to Cambridge to take a job in Cambridge, it would be possible for this study to classify them as such.

[4] The statistics from 1988 are from the study by Kayden and Pollard (1988). These results are significant at the 99 percent confidence level.

[5] Hecker, Daniel. "High Technology Employment: A Broader View," *Monthly Labor Review*, June 1999.

[6] Ibid.

[7] The study did not take account of office space demolition figures for the 1988-2000 period, nor did it add figures for substantially rehabilitated office space. The magnitude of demolition for this period was insignificant.

[8] The figure of 507,285 square feet was calculated from new construction figures from the Office of the Assessor, The City of Cambridge. The *Office Development Handbook* (1998), by the Urban Land Institute, indicates that a standard design parameter for employee density in office buildings is four persons per 1,000 square feet of office space. Employee densities will fluctuate depending upon market conditions including vacancy rates, and whether or not one is using gross or net rentable square feet measurements. This study assumes that four employees per 1,000 square feet of gross office space is a reasonable estimate for the Cambridge area.

[9] The housing price impact study completed by Kayden and Pollard in 1988 also divided the number of new resident employees by a factor of 1.4 to calculate the number of demanded units of housing. Based on analysis conducted by the Center for Labor Market Studies at Northeastern University on recent census data, the number of wage earners per household is still approximately 1.4.

[10] It is assumed that the new resident employees are not receiving housing subsidies.

[11] The Cambridge Community Development Department calculated this figure in "Housing Market Information" (September 26, 2000), p. 3.

[12] This rate of turnover is based on information found in "Cambridge Housing Study: Final Report," Abt Associates (June 1987).

[13] The average rent of $1,623 was reported in the Cambridge Community Development Department's "Housing Market Information" (September 26, 2000), p. 3. The figure is based on average rents advertised in the *Boston Globe* on June 6, June 30, and July 18, 1999. The price elasticity of demand in the market-rate rental housing

market is assumed to be 1.0.– for a one percent increase (decrease) in demand, there is a one percent increase (decrease) in rents. See E. Mills, Urban Economics 164 (1972).

[14] These income limits are current as of January 31, 2002 and are available on the website http://www.ci.cambridge.ma.us/~CDD/housing/misc/incomelimits.html.

[15] This is based on the fact that the 1990 Census classified 44.3 percent of the residents in Cambridge as low or moderate-income (earning 80% or less of the Area Median Income). The Cambridge Community Development Department calculated that there were 29,037 total rental units in Cambridge in August 2000 in "Housing Market Information" (September 26, 2000), p. 3, including the 22,597 market-rate rental units.

[16] The Cambridge Community Development Department calculated that there were 6,440 subsidized rental units in Cambridge in August 2000 in "Housing Market Information" (September 26, 2000), p. 3. Many low- and moderate-income households in the Greater Boston area pay more than 30 percent of their household income on housing. Paying 30 percent of household income for housing is the conventionally accepted proportion, but some households may pay as much as 50 percent. See "A New Paradigm for Housing in Greater Boston," The Center for Urban and Regional Policy, Northeastern University, February 2001, p. 4.

[17] The March 1, 2001 issue of the Harvard University Gazette announced that the fair market rents in Harvard-owned apartments would increase by five percent for renewed leases and seven percent for new leases. This means that renewal leases only increased by 71 percent of the amount that new leases increased.

[18] A six percent discount rate is consistent with long-term interest rates at the time of this study.

[19] This calculation assumes that the housing price impact occurs at the beginning of the year.

[20] Another difference between the 1988 study and this study is the specification of impacted units. The 1988 study looked at the 7,400 market-rate units that were not subsidized or subject to rent control. Because rent control ended in 1995, this study looks at the housing price impact on all market-rate, non-subsidized units occupied by low- and moderate-income households.

[21] This section of the report is based largely on an economic development study completed by Rick Ward, a graduate student at Northeastern University, during the Summer of 2001.

[22] Meredith & Grew's Market Viewpoint Report, 2nd Quarter 2001. www.m-g.com.

[23] I on the Market – Boston, mid-year 2001 report, www.iesg.com.

[24] Meredith & Grew. 2001. "Market Viewpoint." www.m-g.com

[25] Based on communication between Rick Ward and David Aposhian, President, Cambridge Design and Development, and Michael Manzo, Partner, Beal Companies (August 2001).

Appendix 1: Commercial Development Survey (2001) Methodology

The project team administered an intercept survey of Cambridge office workers at select sites around Cambridge from June 12, 2001 through June 14, 2001. The team concentrated the survey administration around the following central locations:

Lechmere
Canal Park I & II

Kendall Square
Cambridge Center
One Kendall Square
The U.S. Trust Complex

Central Square
University Park

Alewife
Alewife MBTA Station
250 Cambridge Park Dr.

Using these locations as a starting point, survey administrators targeted office workers from the various Cambridge office buildings that surround them.

The locations of the survey sites, the times that the survey was administered, and the number of surveys distributed are detailed below.

Tuesday, June 12, 2001, 8:00 AM – 10:00 AM, 795 surveys distributed
- Cambridge Center (intersection of Main St. and Ames St. in Kendall Square)
- One Kendall Square (intersection of Hampshire St. and Cardinal Medieros Ave.)
- U.S. Trust Complex (intersection of Broadway and Moore St. in Kendall Square)

Tuesday, June 12, 2001, 4:00 PM – 6:30 PM, 713 surveys distributed
- Cambridge Center (intersection of Main St. and Ames St. in Kendall Square)
- One Kendall Square (intersection of Hampshire St. and Cardinal Medieros Ave.)
- U.S. Trust Complex (intersection of Broadway and Moore St. in Kendall Square)

Wednesday, June 13, 2001, 8:00 AM – 10:00 AM, 188 surveys distributed
- Alewife MBTA Station
- 250 Cambridgepark Dr.

Wednesday, June 13, 2001, 11:30 AM – 1:30 PM, 185 surveys distributed
- 250 Cambridgepark Dr.

Wednesday, June 13, 2001, 4:00 PM – 6:30 PM, 605 surveys distributed
- Alewife MBTA Station

- 250 Cambridgepark Dr. (the survey administrator posted at this site was asked to leave by a private security officer after distributing surveys for approximately 30 minutes)

Thursday, June 14, 2001, 8:00 AM – 10:00 AM, 510 surveys distributed
- Cambridge Center (Main St. adjacent to the MIT Coop)
- University Park (intersection of Massachusetts Ave. and Main St.)

Thursday, June 14, 2001, 11:15 AM – 1:30 PM, 145 surveys distributed
- Canal Park I & II (intersection of First St. and Cambridge St.)

Thursday, June 14, 2001, 4:00 PM – 6:30 PM, 462 surveys distributed
- University Park (intersection of Massachusetts Ave. and Main St.)
- Canal Park I & II (intersection of Massachusetts Ave. and Main St.)

The survey administrators working at each session numbered between four and seven people. Survey administrators intercepted individuals entering or exiting targeted commercial developments, and also individuals walking on the sidewalk around the developments. In the case of Alewife, the majority of respondents were intercepted in or around the transit station. Intercepting office workers at the actual site of Alewife developments when they arrived or left work was extremely difficult given the high percentage of workers who drive and park in the private parking lots of the developments. Therefore, questionnaires were distributed during the lunch hour (11:30 AM – 1:30 PM) on Wednesday, June 13, 2001 to catch office workers as they took breaks or walked from their buildings to get lunch. Whenever possible, administrators screened intercepted individuals at every location with the question, "Do you work in a Cambridge office building?"

After each survey session, survey administrators counted the number of questionnaires that they had distributed. The total number of questionnaires distributed according to a calculation based on these counts is 3,603 (out of 4,000 questionnaires printed). However, the final count of remaining questionnaires is 366, meaning that the surveyors actually distributed 3,634. One possible explanation for this discrepancy is the likelihood that survey administrators made mistakes when counting the number of questionnaires that they distributed. With this in mind, the research team decided to use 3,634 as the official number of surveys administered.

Survey respondents were encouraged to answer the survey questions on the spot. Of the 3,634 questionnaires distributed over the three-day period, 579 (15.9%) were filled out and turned in on the spot. Respondents who did not fill out the questionnaire on the spot were asked to complete the questionnaire and mail it in (pre-paid postage) as soon as possible.

Appendix 2: Survey Questionnaire

Northeastern University's Center for Urban and Regional Policy is conducting a survey of employment, housing and commuting patterns in Cambridge. Please take a few moments to answer the following questions and drop this pre-paid postcard in the mail. Your cooperation is appreciated.

1. Do you **work** in a Cambridge office building?

_____ YES If **YES**, where: _____
(Name of Employer)

_____ NO _____
(Street Address)

2. Do you **live**:

_____ In Cambridge

_____ Elsewhere _____
(Name of city or town)

3. Do you:

_____ **OWN** your own residence _____ **RENT** your residence

4. If you rent your residence, what is your **MONTHLY RENT**?

$ _____

5. **FOR CAMBRIDGE RESIDENTS ONLY:** Did you move to Cambridge because of a job you took in a Cambridge office building?

_____ YES _____NO If **YES**, in what year: _____

6. How do you typically **commute** to work?

- ❑ Drive alone
- ❑ Carpool/vanpool
- ❑ Take public transit
- ❑ Walk
- ❑ Bike
- ❑ Other

Appendix 3: Selected Survey Results, 2001

Table 1:

	n	%
Total number of respondents	1440	100%
Respondents who work in a Cambridge office building	1262	88%
Respondents who work elsewhere	178	12%

Table 2:

	n	%
All Cambridge office employees	1262	100%
Cambridge office employees who live in Cambridge	236	19%
Cambridge office employees who live elsewhere	1021	81%

Table 3:

	n	%
Cambridge office employees who live in Cambridge	236	100%
Cambridge office employees who rent their residence in Cambridge	176	75%
Cambridge office employees who own their residence in Cambridge	57	24%

Table 4:

	n	%
Cambridge office employees who live in Cambridge	236	100%
Cambridge office employees who moved to Cambridge to take a job in a Cambridge office building	118	50%

Table 5:

	n	%
Cambridge office employees who moved to Cambridge to take a job in a Cambridge office building	118	100%
Cambridge office employees who moved to Cambridge because they took a job in a Cambridge office building and rent their residence	89	75%
Cambridge office employees who moved to Cambridge because they took a job in a Cambridge office building and bought their residence in Cambridge	29	25%

Table 6:

	n	%
All Cambridge office employees	1262	100%
Cambridge office employees who moved to Cambridge to take a job in a Cambridge office building	118	9%
Those who moved to Cambridge to take a job in a Cambridge office building who rent their residence	89	7%
Those who moved to Cambridge to take a job in a Cambridge office building who own their residence	29	2%

Table 7:

	n	%
Cambridge office employees who live outside Cambridge	1021	100%
Cambridge office employees who rent their residence outside Cambridge	558	55%
Cambridge office employees who own their residence outside Cambridge	454	45%

Table 8:

	n	%
Cambridge office employees who live outside Cambridge	1021	100%
Location of residence:		
Boston	256	25%
Somerville	106	10%
Brookline	54	5%
Arlington	44	4%
Medford	31	3%
Quincy	28	3%
Newton	26	2%
Watertown	23	2%
Malden	22	2%
Belmont	17	2%
Lexington	15	1%
Waltham	14	1%
Everett	10	1%
Framingham	10	1%
Revere	10	1%
Woburn	10	1%
Other (Jurisdictions with 9 or less Cambridge office workers in residence)	336	33%
No answer	9	1%

Table 9: **The Top 20 Employers in the Sample**

	n	%
Employer		
Massachusetts Institute of Technology	111	8.8%
Genzyme	106	8.4%
Biogen	82	6.5%
Millenium Pharmaceuticals	51	4.0%
Lotus	48	3.8%
Genetics Institute	36	2.9%
Whitehead Institute	36	2.9%
Akamai Technologies	30	2.4%
Cambridge Technology Partners	24	1.9%
Draper Laboratories	24	1.9%
Forrester Research	24	1.9%
Monitor Group	21	1.7%
Genuity	18	1.4%
Add Inc.	16	1.3%
Camp Dresser & McKee	15	1.2%
Cereon Geonomics	15	1.2%
EMC	14	1.1%
Harvard University	14	1.1%
Cambridge Systematics	13	1.0%
Alkermes	11	0.9%

Table 10: **The Types of Employers in the Sample** [1]

	n	%
All Cambridge Office Workers	1262	100%
Type of Employer		
Biotechnology Organizations	425	34%
Information Technology Organizations	327	26%
General Office	209	17%
Institutions	138	11%
Hotel/Entertainment/Retail	28	2%
Other	31	3%
Unknown	104	8%

[1] **Biotechnology** employers include those researching, developing, or marketing substances related to advanced biological techniques. Examples include pharmaceutical companies and organizations involved in medical research.

Information Technology employers include those researching, developing, or marketing computer or communication technologies. Examples include computer software development organizations and Internet consulting organizations.

General Office employers include business consulting organizations, marketing firms, banks, and social science research firms.

Institutions employers include universities, governmental offices, and hospitals.

Hotel/Entertainment/Retail employers are a self-defined category.

Other is the catchall category that includes doctors' offices, utilities, day care, and landscaping firms.

Unknown represents all of the respondents that did not include the name of their employer. A small percentage of these respondents included the name of their employer, but the research team was unable to identify the type of employer.

Appendix 4: Comparison of Cambridge Incentive Zoning Study Results, 1988 and 2001[1]

	1988	2001
SURVEY RESULTS		
Surveys distributed	3,500	3,634
Surveys returned	795	1,440
Response rate	23%	40%
Cambridge office employees	781 (98%)	1,262 (88%)
Cambridge office employees who live in Cambridge	92 (12%)	236 (19%)
Cambridge office employees who live in Cambridge who moved to take a job in Cambridge	31 (4% of all Cambridge office employees)	118 (9% of all Cambridge office employees)
Cambridge office employees who live in Cambridge who moved to take a job in Cambridge living in non-controlled rental units	22 (71%)[2]	89 (75%)
NEW OFFICE EMPLOYEES IN CAMBRIDGE		
Increase in office space (sq. ft.)	6 million (1981 – 1987)	6,594,705 (1988 – 2000)
Annual increase in office space (sq. ft.)	1 million	507,285
Annual number of new Cambridge office employees	4,000	2,029
Annual number of new Cambridge office employees who move to Cambridge to take a job in a Cambridge office building[3]	160	183

NUMBER OF UNITS DEMANDED		
Annual number of new Cambridge office employees who move to Cambridge to take a job in a Cambridge office building living in non-subsidized rental units[4]	114	137
Annual number of market-rate rental units demanded by Cambridge office employees who move to Cambridge to take a job in a Cambridge office building	80	98
Total number of market rate (non-rent controlled in 1988) rental units in Cambridge	7,400	22,597
Total number of market rate (non-rent controlled in 1988) rental units available annually	1,480	4,519
Percent increase in housing demand generated by Cambridge office employees who move to Cambridge to take a job in Cambridge	5.4%	2.16%
HOUSING PRICE IMPACT		
Average market rate (non-rent controlled in 1988) Cambridge rents	$622	$1,623
Average market rate (non-rent controlled in 1988) Cambridge rents without increased demand from new Cambridge office employees who move to Cambridge	$588	$1,588
Difference in rent without increased demand from new Cambridge office employees who move to Cambridge	$34	$35
Housing price impact per one square foot of office space	$3.00	$7.83

[1] This appendix compares the results of the original 1988 study and the 2001 study.

[2] Rent control was in effect in 1988. An additional 4 employees (or 13 percent) who moved to Cambridge to take an office job in Cambridge rented rent-controlled units in the 1988 sample.

[3] Findings from the 1988 survey suggest that **four** percent of new Cambridge office workers move to Cambridge to take a job. Therefore of the 4,000 annual new Cambridge office workers, 160 move to Cambridge annually to take a job in Cambridge (4,000 * 0.04 = 160). Findings from the 2001 survey suggest that **nine** percent of new Cambridge office workers move to Cambridge to take a job. Therefore, of the 2,029 annual new Cambridge office workers, 183 move to Cambridge annually to take a job in Cambridge (2,029 * 0.09 = 183).

[4] The research teams in 1988 and 2001 assumed that renters of non-controlled units were most affected by Cambridge new resident employees. In 1988, of the 160 new Cambridge employees who arrived annually in the City, 114 (71%) could be expected to live in non-controlled units. In 2001, of the 183 new Cambridge employees who arrive annually in the City, it is expected that 137 (or 75%) will live in non-controlled units.

Appendix 5: Commercial Tax Rate Comparison of Boston-Area Communities

CITY	TAX RATE (PER $1,000)
Chelsea	$33.54
Boston	$30.14
Everett	$29.02
Malden	$26.37
Medford	$25.09
Waltham	$24.46
Cambridge	**$23.39**
Watertown	$23.06
Somerville	$22.00
Newton	$21.93

Source: Office of the Assessor, various localities (8/01).

Appendix 6: Comparison of Incentive Zoning Programs in Greater Boston

City and Year Established	Current Rate	Payment Schedule	Threshold / Exemption	Amount Contributed to Housing
Boston 1983	$7.18 per sq. ft. + $1.44 per sq. ft. for jobs	7 years	100,000 sq. ft. 100,000 sq. ft.	$45 million
Cambridge 1988	$3.28 per sq. ft.	Due before occupancy	30,000 sq. ft. 2,500 sq. ft.	$721,000
Somerville 1990	$2.60 per sq. ft.	5 equal annual payments upon occupancy	30,000 sq. ft. 30,000 sq. ft.	$323,000

City of Cambridge
Community Development Department Housing Division
2014 Income Limits* Effective 12/18/13

HH Size	40% of Median	50% of Median	60% of Median	HUD 80% of Median (HUD Limit)	City 80% of Median (actual)	100% of Median	120% of Median
1 person	$26,360	$32,950	$39,540	$47,450	$52,720	$65,900	$79,080
2 persons	$30,120	$37,650	$45,180	$54,200	$60,240	$75,300	$90,360
3 persons	$33,880	$42,350	$50,820	$61,000	$67,760	$84,700	$101,640
4 persons	$37,640	$47,050	$56,460	$67,750	$75,280	$94,100	$112,920
5 persons	$40,680	$50,850	$61,020	$73,200	$81,360	$101,700	$122,040
6 persons	$43,680	$54,600	$65,520	$78,600	$87,360	$109,200	$131,040
7 persons	$46,680	$58,350	$70,020	$84,050	$93,360	$116,700	$140,040
8 persons	$49,720	$62,150	$74,580	$89,450	$99,440	$124,300	$149,160

APPENDIX 4

* Income limits are based on the FY14 HUD figures issued for the Boston-Cambridge-Quincy, MA-NH Metro FMR Area. The 30%, 50%, and HUD 80% are supplied by HUD. All other percents are extrapolated from the 50% figure. There is an exception: the City 80% of Median figures which are calculated and set by the Cambridge Affordable Housing Trust. All income limits are subject