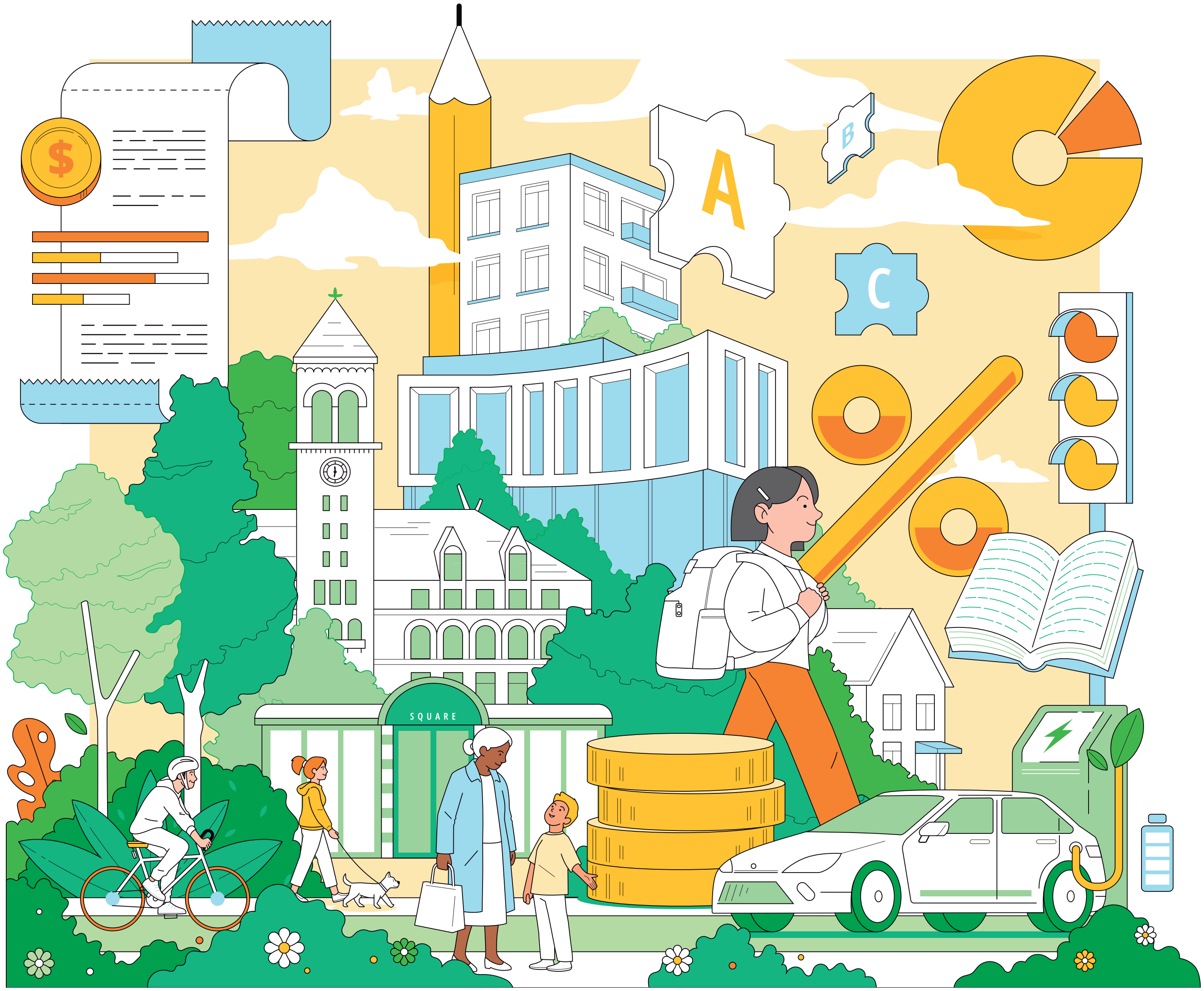
CityView Newsletter

A Publication of the City of Cambridge, Massachusetts



Inside Cambridge's Finances

Learn more about the City of Cambridge's Fiscal Year 2027 budget and how the budget, taxes and other revenues all work to support our community.

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01

Q&A with City Manager Yi-An Huang

In this question and answer, City Manager Yi-An Huang discusses Cambridge's Fiscal Year (FY) 2027 Operating and Capital Budgets, the economic conditions shaping them, and how the City is balancing today's priorities with long-term financial responsibility.

Q This year marks a significant milestone for Cambridge's budget. What makes FY27 notable?

FY27 marks the first time in Cambridge's history that our Operating Budget has exceeded $1 billion. While that's certainly an important milestone, I think the more important story is what that budget represents.

The budget reflects our continued commitment to the priorities that matter most to our community, including affordable housing, early childhood education, school infrastructure, transportation safety, sustainability, and services that support our most vulnerable residents. At the same time, we worked closely with the City Council to responsibly moderate budget growth.

The adopted FY27 Operating Budget totals $1.03 billion, a 4.1 percent increase over FY26. That's well below both our five-year average annual growth of 6.7 percent and our ten-year average of 6.1 percent.

Cambridge joins Boston, Worcester, and Springfield as the only municipalities in Massachusetts with an operating budget of this size.

Q What economic conditions shaped this year's budget?

We developed this budget during a period of growing economic uncertainty.

Higher interest rates, slower commercial development, changes in federal policy, and the end of federal COVID relief funding all have the potential to affect City finances, not only this year but in the years ahead.

Those realities required us to be more deliberate about how we invest public dollars. Rather than reacting to challenges as they arise, we are planning ahead so Cambridge remains financially strong regardless of how the economy changes.

Q Despite these economic headwinds, what does the FY27 budget continue to invest in?

Even as economic conditions evolve, this budget continues to invest in the priorities that define Cambridge.

At the same time, we're taking a long-term approach to financial planning.

Across Massachusetts, many cities and towns are asking voters to approve Proposition 2½ overrides because rising costs are outpacing the amount they can raise through property taxes. Higher employee costs, health insurance, aging infrastructure, inflation, and the expiration of federal COVID relief funding have created significant financial pressures.

Fortunately, Cambridge is not in that position. Through careful financial management over many years, we've been able to continue investing in our community without needing to pursue an override. Our goal is to maintain that strong financial position well into the future.

Q How is the City addressing these pressures while still meeting community needs?

Working closely with the City Council, we've taken a disciplined approach to this year's budget.

We carefully reviewed every part of the budget, identified efficiencies, prioritized new investments, and focused spending where it would have the greatest impact. At the same time, we continued investing in essential services and maintained the flexibility to respond to emerging needs.

Our ability to provide excellent services depends on responsible financial management. By taking proactive steps today, we're helping ensure Cambridge remains financially resilient for years to come.

Q What changes were departments asked to make as part of this year's planning?

Every department was asked to look for ways to reduce costs without reducing the quality of services residents depend on.

Departments identified approximately 2.1 percent in savings within their operating budgets to help offset unavoidable cost increases, including employee compensation, health insurance, pensions, energy, materials, supplies, and the potential need to absorb costs previously supported by federal funding.

Q How is the City making the budget process more transparent and accessible?

One of our priorities has been making the budget process easier to understand and giving residents more opportunities to participate.

A significant investment has been made by staff to make the budget publication easier to navigate and review online. Through the online budget explorer, you can use interactive tools to explore the City's operating and capital budgets.

Working closely with the City Council, particularly through the Finance Committee, we held a series of public meetings that explored every aspect of the FY27 Budget, including economic trends, capital planning, departmental priorities, and long-term financial strategies.

Q Cambridge has historically relied on strong financial reserves. What is their status today?

Over the years, we've used excess levy capacity and free cash strategically to respond to unexpected challenges while maintaining City services.

Yet, we're experiencing an economic slowdown. That can have serious implications for our financial health, including impacts on our excess levy capacity.

By taking thoughtful steps now, we're better positioned to preserve our financial flexibility and continue delivering the high-quality services residents expect, even if economic conditions become more challenging.

Q How did capital planning factor into this year's budget?

Capital planning is one of the most important tools we have for protecting the City's long-term financial health.

We carefully reviewed the scope, timing, and sequencing of major capital projects to ensure they remain affordable while continuing to invest in the infrastructure our community depends on.

Because borrowing for capital projects affects future operating budgets through debt service, thoughtful planning is essential. Through this review, we reduced projected debt service needs. After debt service increased 7.7 percent in FY26, we limited growth to 4.3 percent in FY27.

Q What do you hope residents take away from this year's budget?

I hope residents see that this budget reflects careful planning, responsible stewardship, and a commitment to Cambridge's future.

02

From Priorities to Action

How the City Council's priorities shape the FY27 Budget and the investments that strengthen Cambridge.

Every budget is guided by a simple question:
What matters most to our community?

In Cambridge, the answer comes from many places. Residents share ideas through public meetings, surveys, and programs like Participatory Budgeting. City departments identify emerging needs and opportunities. And the City Council establishes priorities that guide the City's work and help shape both the Operating and Capital Budgets.

In February 2026, the City Council adopted an updated set of priorities that serve as the framework for the FY27 Budget. Organized around five broad focus areas, these priorities help ensure that public investments reflect the needs, values, and long-term goals of the Cambridge community.

1 Housing and Zoning

Expanding Housing Opportunities

Housing remains one of Cambridge's greatest challenges, and the FY27 Budget continues the City's long-standing commitment to expanding housing opportunities while helping residents remain in the community they call home.

The budget supports affordable housing development and preservation, homelessness prevention, and programs that help residents find and maintain stable housing. It also continues investments that increase housing opportunities for low- and moderate-income households, older adults, and residents with disabilities.

This year also marks an important organizational change. Housing and homelessness programs that were previously managed across three departments have been brought together into a unified Housing Department. By consolidating these services, the City aims to improve coordination, simplify access for residents, and strengthen its ability to respond to housing needs.

The City continues to advance housing policy reforms, including zoning updates, parking reforms, and future improvements to inclusionary housing requirements and permitting processes. Together, these efforts are designed to expand the City's housing pipeline and create more opportunities for people to live in Cambridge.

2 Economic Opportunity and Equity

Supporting Local Businesses and an Inclusive Economy

Small businesses are an essential part of what makes Cambridge unique. They create jobs, strengthen neighborhoods, and contribute to the City's economic vitality.

The FY27 Budget continues investments that help entrepreneurs start, grow, and adapt through storefront improvement grants, technical assistance, e-commerce support, marketing assistance, and community activation programs such as Cambridge Plays and NITES.

The City is also expanding efforts to support women-owned and historically disadvantaged businesses. Procurement training, supplier diversity initiatives, and targeted outreach are helping create more opportunities for businesses to compete for City contracts and succeed over the long term.

At the same time, the City is working closely with employers and business leaders to support long-term economic resilience while maintaining Cambridge's position as one of the world's leading innovation hubs.

3 Transportation

Building a Safer & More Connected City

Whether residents walk, bike, take public transit, or drive, transportation affects everyday life.

The FY27 Budget continues investments that improve safety, expand transportation choices, and strengthen connections across the city.

Projects include continued improvements to Linear Park and the Grand Junction Multiuse Path, along with design work for a future pedestrian and bicycle bridge connecting the Rindge Avenue neighborhood with Danehy Park and nearby commercial areas.

The City is also working closely with the MBTA to improve transit service.

4 Sustainability and Climate Resilience

Preparing for a Changing Climate

The FY27 Budget continues Cambridge's commitment to reducing greenhouse gas emissions while preparing the community for the impacts of climate change.

This is the first year that all the electricity used by the City of Cambridge for municipal operations is at net zero for greenhouse gas emissions—a major milestone in the City's Net Zero Action Plan.

Additional investments include expanding public electric vehicle charging, supporting the electrification of the municipal fleet, and modernizing energy infrastructure.

The budget also includes significant investments in sewer and stormwater improvements that will reduce flooding, improve water quality, and strengthen the City's resilience during increasingly frequent severe weather events.

5 Government Performance & Council Performance

Building a More Transparent & Engaged City

Good government depends on more than responsible financial management. It also depends on transparency, accountability, and meaningful public participation.

Throughout the FY27 budget process, the City Council held a series of public meetings examining economic conditions, operating and capital budgets, federal funding, departmental priorities, and long-term financial planning. These discussions provided residents with greater insight into how decisions are made and how public dollars are invested.

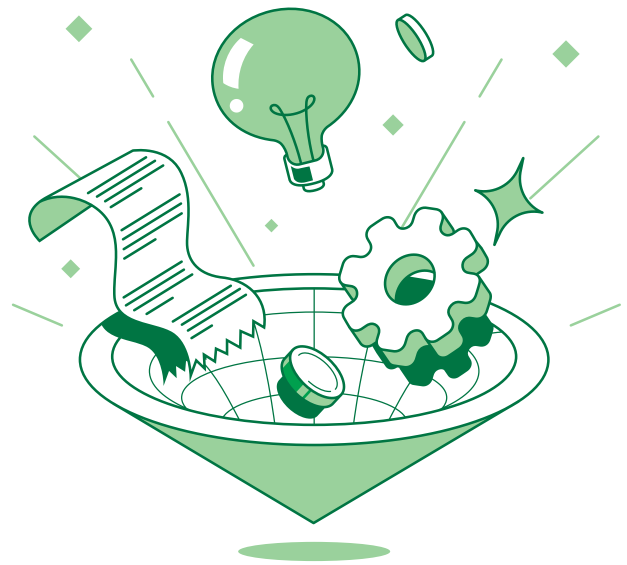
This year, the Budget Office also introduced Budget Walk Through sessions that gave residents an opportunity to learn how the budget is developed, understand how priorities shape spending, and ask questions directly to City staff.

These efforts build on Cambridge's long-standing commitment to public participation through Participatory Budgeting.

What guides budgetary decision making in the City of Cambridge?

- City Council Priorities
- Finance Committee hearings
- Annual Resident Survey
- Cambridge Public Schools District Plan
- Resident Advisory Boards & Commissions
- Capital Investment Planning Processes
- Envision Cambridge
- Participatory Budgeting Process
- Climate Protection Plan
- Departmental Strategic Plans
- Long-Term Financial Planning Processes
- Other Recent Citywide Plans and Studies

03



Planning for an Uncertain Economy

How thoughtful financial planning helps Cambridge prepare for the future.

Cambridge has long benefited from one of the strongest local economies in the country.

For decades, growth in Kendall Square and across the city's commercial districts has helped support public services, invest in infrastructure, and keep residential property taxes lower than they otherwise would be. That success has allowed Cambridge to make significant investments in schools, affordable housing, parks, transportation, climate initiatives, and programs that strengthen the community.

Today, the economic landscape is changing.

Like many communities, Cambridge is experiencing slower commercial development, higher interest rates, uncertainty at the federal level, and shifts in the life sciences and office markets. While Kendall Square remains one of the world's leading centers for innovation, demand for laboratory and office space has slowed compared to recent years.

These changes don't mean Cambridge is in financial trouble. However, they do mean that thoughtful planning has become more important than ever.

Why Kendall Square Matters

Kendall Square is a major driver of Cambridge's economy.

Commercial development generates property tax revenue that helps fund many of the services residents rely on every day. A strong commercial tax base also helps keep residential property taxes comparatively low. As the commercial growth slows, the City must carefully balance continued investment with long-term financial sustainability.

Planning Beyond the Current Budget

One of Cambridge's greatest strengths is that it plans well beyond a single fiscal year.

Throughout the year, the Budget Office develops and updates financial projections looking at least five years into the future. These forecasts help the City evaluate changing economic conditions, anticipate future challenges, and make informed decisions before problems become more significant.

Financial Discipline Creates Flexibility

Strong policies and a disciplined approach have allowed Cambridge to remain flexible, continue making strategic investments, and maintain one of the lowest residential property tax rates in the region.

Looking Ahead

While economic conditions will continue to change, Cambridge can continue planning carefully, making thoughtful financial decisions, and investing strategically so the City remains well positioned for whatever comes next.

04

What's Driving the FY27 Budget Growth

Increases primarily due to fixed and contractual costs.

The FY27 Operating Budget is 4.1 percent larger than last year's budget. While that represents an increase of approximately $41 million, it is well below Cambridge's average budget growth over the past five and ten years.

Much of the increase reflects rising costs to maintain the high-quality services residents expect, while continuing to invest in the priorities that strengthen the community.

Investing in Education

Approximately $13.3 million supports Cambridge Public Schools, including staff salaries and benefits. This funding helps ensure schools continue providing high-quality education, student services, and learning opportunities.

Supporting the City's Workforce

Like employers across the country, Cambridge continues to experience rising personnel costs. The FY27 Budget includes approximately $21 million in additional funding for salaries, employee benefits, and a 2.5 percent cost-of-living adjustment for City employees. These investments help the City recruit and retain the skilled workforce needed to deliver essential and impactful public services.

Maintaining Critical Infrastructure

The budget also reflects the increasing cost of maintaining critical infrastructure.

Debt service associated with long-term capital investments is increasing by $4.7 million, while charges from the Massachusetts Water Resources Authority (MWRA) are increasing by approximately $1.2 million.

Meeting Community Needs

The FY27 Budget also includes targeted investments that respond to evolving community priorities, including:

Water Treatment Materials	**$1.3M**
Expanding Municipal Housing Vouchers	**$1M**
Special Event Support	**$1M**
Supporting Snow Operations	**$500K**

Additional Funding for employee training & tuition reimbursement

Support for crisis intervention and medical services

Additional meal programs for older adults

Routine contractual & operational cost increases across City departments

Every budget reflects a balance between rising costs and community priorities. The FY27 Budget continues to invest in education, infrastructure, public services, and programs that support residents while maintaining the City's long-standing commitment to responsible financial management.

05

What Your Tax Dollars Support

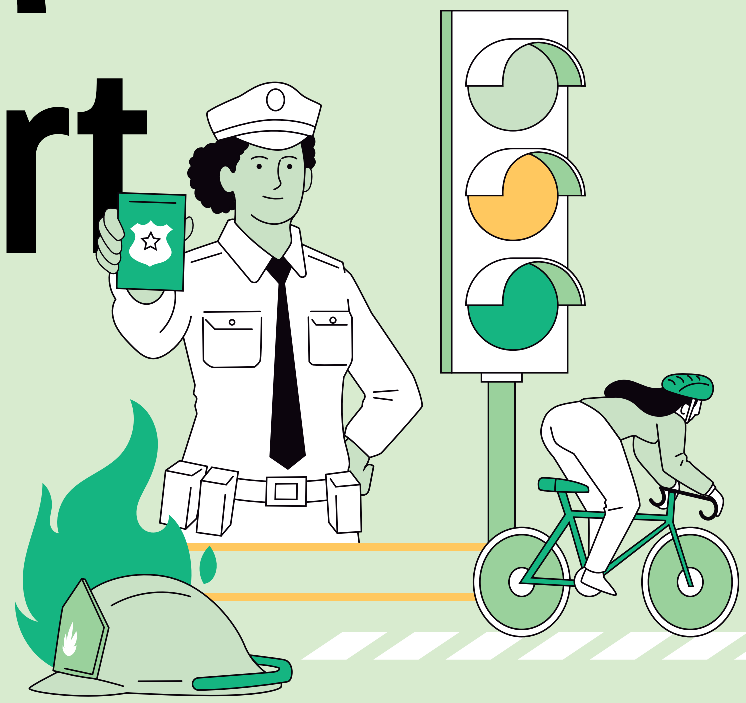
The FY27 Operating Budget funds the services residents rely on every day.

The City's Operating Budget pays for the people, programs, and services that keep Cambridge running every day.

From educating children and maintaining streets to responding to emergencies, supporting families, and operating libraries and parks, the Operating Budget provides the funding needed for City departments to serve the community throughout the year.

The FY27 Operating Budget totals $1.03 billion, covering the period from July 1, 2026 through June 30, 2027. The budget represents a 4.1 percent increase over FY26, well below both the City's five-year average annual growth of 6.7 percent and its ten-year average of 6.1 percent. This reflects the City's continued commitment to investing in community priorities while moderating budget growth.

Here's how the Operating Budget is invested across major service areas.

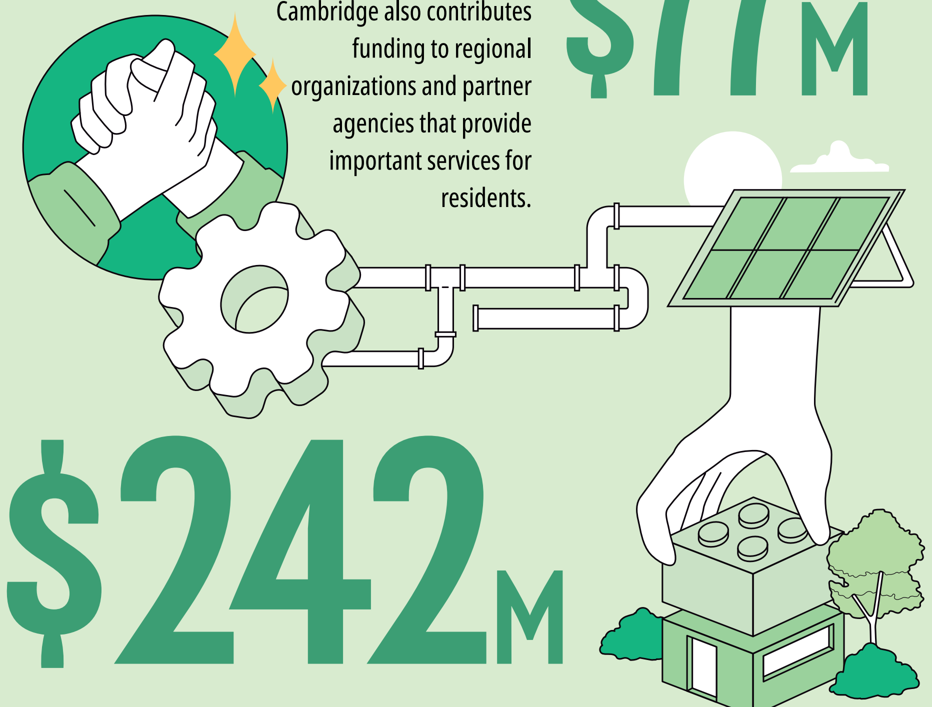


$141M Public Safety

Public safety funding supports the Cambridge Police Department, Fire Department, Community Safety Department, and Department of Transportation.

$77M Intergovernmental

Cambridge also contributes funding to regional organizations and partner agencies that provide important services for residents.

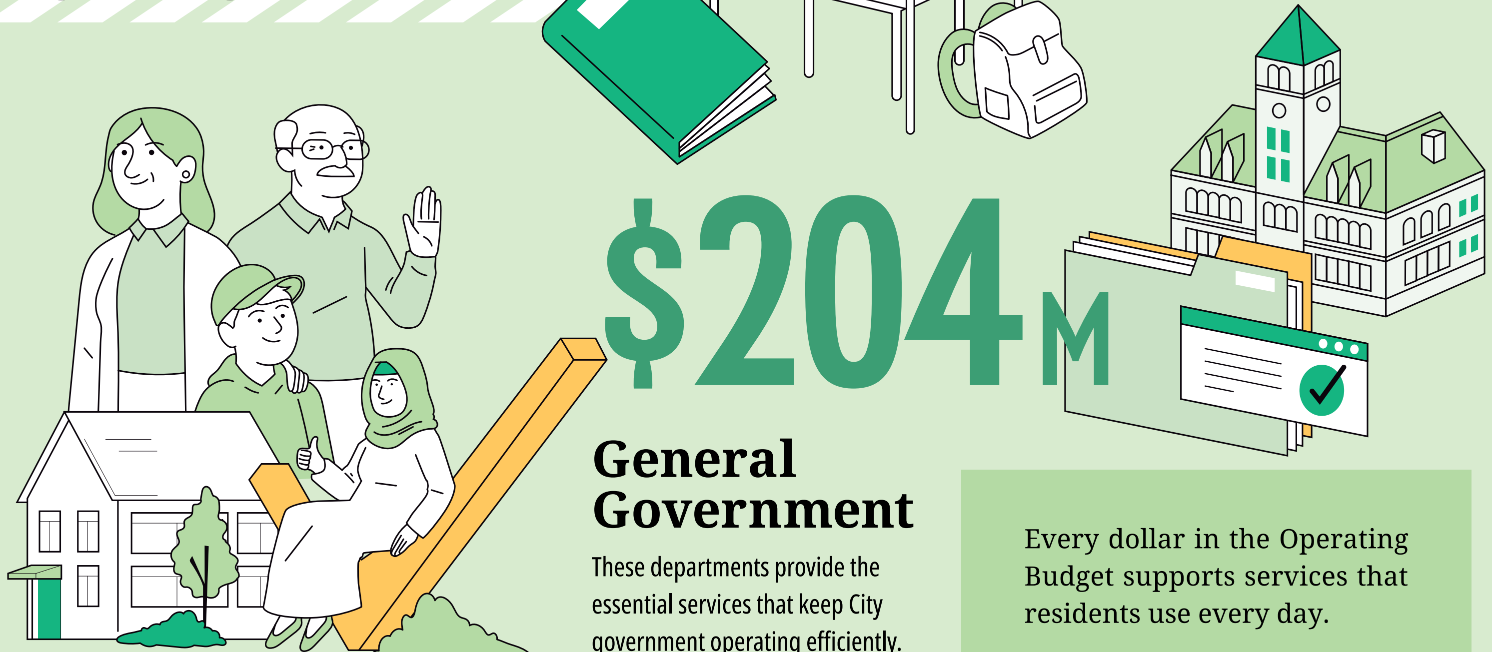


$242M Community Maintenance & Development

This category supports many of the everyday services residents see throughout the community.

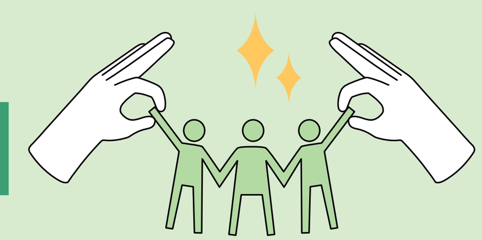
$293.5M Education

Education represents the largest share of the City's Operating Budget and provides funding for the Cambridge Public Schools. These investments support teachers and staff, classroom learning, student services, school operations, and educational programs that help prepare students for success.



$204M General Government

These departments provide the essential services that keep City government operating efficiently.



$75.6M Human Resource Development

This funding supports programs that improve quality of life for residents of all ages.

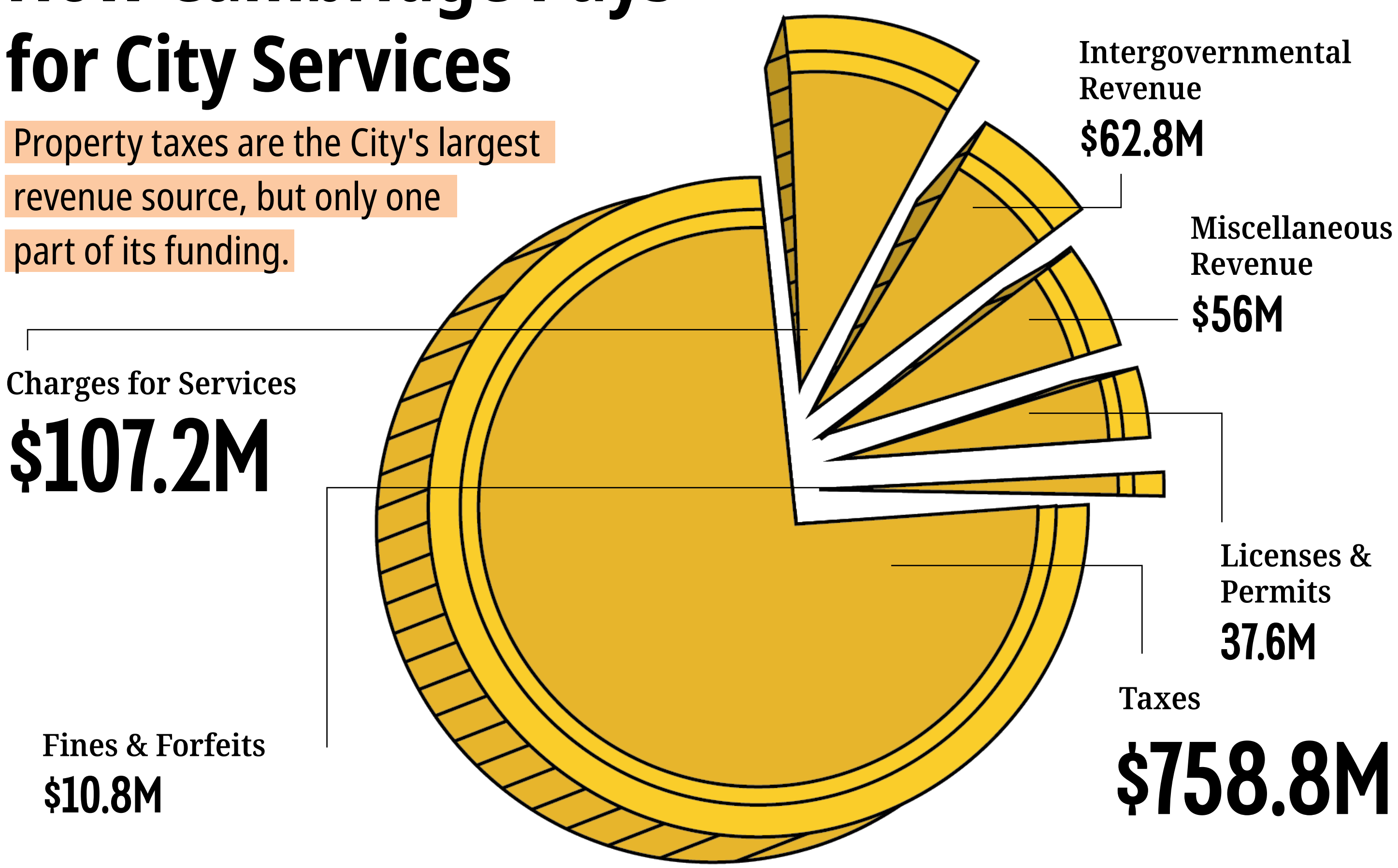
Every dollar in the Operating Budget supports services that residents use every day.

Whether it's educating students, maintaining infrastructure, protecting public safety, caring for parks, or supporting vulnerable residents, the budget reflects the City's commitment to providing high-quality services while planning responsibly for the future.

06

How Cambridge Pays for City Services

Property taxes are the City's largest revenue source, but only one part of its funding.



Every year, Cambridge adopts a balanced budget, which means the City's planned expenses must equal the revenue it expects to receive.

Like most municipalities, property taxes provide the largest share of that funding. But the City also relies on many other revenue sources to help pay for the services residents depend on every day.

Maintaining a diverse mix of revenue sources helps reduce reliance on property taxes while providing the resources needed to support community services.

Understanding Property Taxes

Several factors determine a property's annual tax bill.

The City's annual budget establishes how much property tax revenue must be raised. Property values are then determined independently through the City's assessment process and certified by the Massachusetts Department of Revenue. Finally, state law allows Cambridge to apply different tax rates for residential and commercial properties through the property tax classification system.

While the City cannot control changes in property values, it can determine the total amount of property taxes it collects each year as part of the annual budget process.

One of Cambridge's greatest financial strengths is its large commercial tax base. Commercial properties contribute a significant share of local property tax revenue, helping fund City services while reducing the tax burden on residential property owners.

As a result, Cambridge continues to have one of the lowest residential property tax rates in the Greater Boston region.

Where the City's Revenue Comes From

While property taxes provide the largest share of City revenue, Cambridge receives funding from several additional sources that support City operations (see above chart)

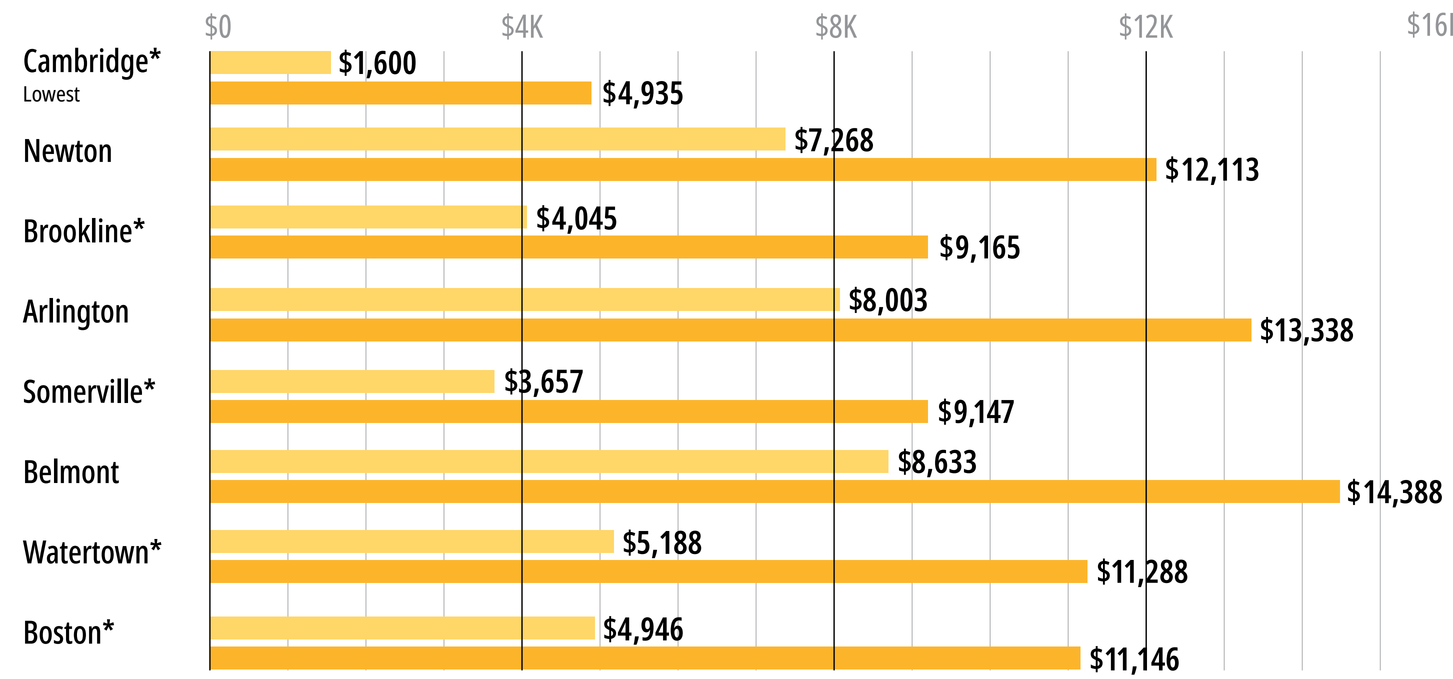
Keeping Property Taxes as Low as Possible

Cambridge continues to look for opportunities to maximize non-property tax revenues wheneverpractical.

By collecting appropriate fees for services, administering permits and licenses, pursuing state and federal funding, and responsibly managing City resources, Cambridge reduces the amount that must be raised through property taxes alone.

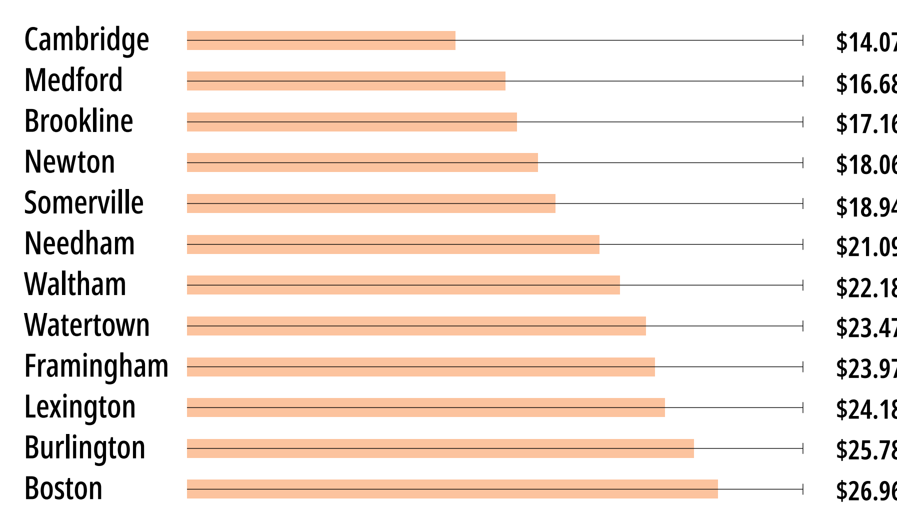
For FY27, the total property tax levy—the total amount of property taxes collected by the City—is projected to increase by 6.9 percent, or approximately $46.8 million, compared with FY26 Those revenues help fund the services, infrastructure, and investments included in this year's budget.

To see how the property tax bills in Cambridge compare to neighboring towns and cities (from the most recent year—FY26), please review below:



* Includes a residential exemption for owner-occupied homes. The exemption has not been adopted by all communities.

FY26 Commercial Tax Rates (per $1,000) for Communities with Split Rates



The City continued its policy of maximizing non-property tax revenue sources to lower residents' tax burden for City services through enforcing license and permit policies, charging users for specific services where feasible, and collecting outstanding parking fines. Several key non-property tax revenues will be reviewed again in the fall as part of the property tax and classification process.

07

Top Taxpayers at a Glance

The City's ten largest taxpayers account for nearly one-third of Cambridge's assessed property value and more than 43% of all property taxes collected.

MIT is Cambridge's largest taxpayer, contributing nearly 16% of the City's property tax levy.

Cambridge's ability to maintain one of the region's lowest residential property tax rates is closely tied to its strong commercial tax base.

FY26 Top 10 Taxpayers

#	Property Owner	Nature of Business	Assessed Valuation	% of Total Tax Base	Real Property Taxes	% of Total Tax Levy
1	Mass. Institute of Technology	Education*	$8,028,010,600	11.0%	$107,868,340	15.9%
2	Alexandria Real Estate	Commercial	$3,696,576,800	5.1%	$51,991,732	7.7%
3	Boston Properties	Commercial	$2,516,833,200	3.4%	$34,416,052	5.1%
4	BioMed Realty Trust	Commercial	$2,251,508,700	3.1%	$31,652,633	4.7%
5	DivcoWest	Commercial	$1,708,717,800	2.3%	$21,089,480	3.1%
6	Healthpeak	Commercial	$1,132,042,000	1.5%	$15,927,831	2.3%
7	MBA-Rogers Street, LLC	Commercial	$758,448,900	1.0%	$10,517,534	1.5%
8	Presidents & Fellows of Harvard College	Education*	$871,539,400	1.2%	$7,353,668	1.1%
9	RREEF American Reit II Corp	Commercial	$482,974,700	0.7%	$6,795,454	1.0%
10	Novartis Pharmaceuticals	Commercial	$446,090,400	0.6%	$6,276,492	0.9%
Total for Top 10 Taxpayers			**$21,892,742,500**	**29.9%**	**$293,889,216**	**43.3%**
Total FY26 Assessed Valuation			**$73,111,556,293**			
Total FY26 Tax Levy			**$678,852,471**			

08

City & School Budgets at a Glance

Readers can download the City's adopted annual budget publication at:

www.cambridgema.gov/budget.

Through the online budget explorer, use interactive tools to explore the City's operating and capital budgets. Enhanced search capabilities make the budget easier to navigate.

View City's FY27 Budget:
www.cambridgema.gov/budget

View Cambridge Public Schools' FY27 Budget:
www.cpsd.us/budget

09

Building Cambridge's Future

The Capital Budget funds roads, buildings, parks, and infrastructure that will serve residents for decades.

While the Operating Budget funds the City's day-to-day services, the Capital Budget invests in the long-term infrastructure that keeps Cambridge running.

These investments support projects that improve roads, bridges, schools, parks, public buildings, water systems, and other community assets that residents rely on every day. Because these projects often take years to complete and provide benefits for decades, they require careful planning and long-term financial management.

The FY27 Capital Budget invests $155.2 million in projects that improve public infrastructure, strengthen climate resilience, and modernize City facilities across Cambridge.

Investing Across the Community

The City authorized $90.3 million in bonds to support major capital improvements throughout Cambridge.

These investments will help renovate municipal buildings, improve parks and open spaces, urban forestry, modernize the City's Enterprise Resource Planning (ERP) system, advance Complete Streets projects that improve safety for all users, and maintain and improve school facilities.

The budget includes $11.2 million in Pay-As-You-Go funding, allowing the City to pay directly for certain one-time projects without borrowing.

Investing in Reliable Water Service

Separate from the City's general capital program, water infrastructure projects are funded through water service charges and water bonds.

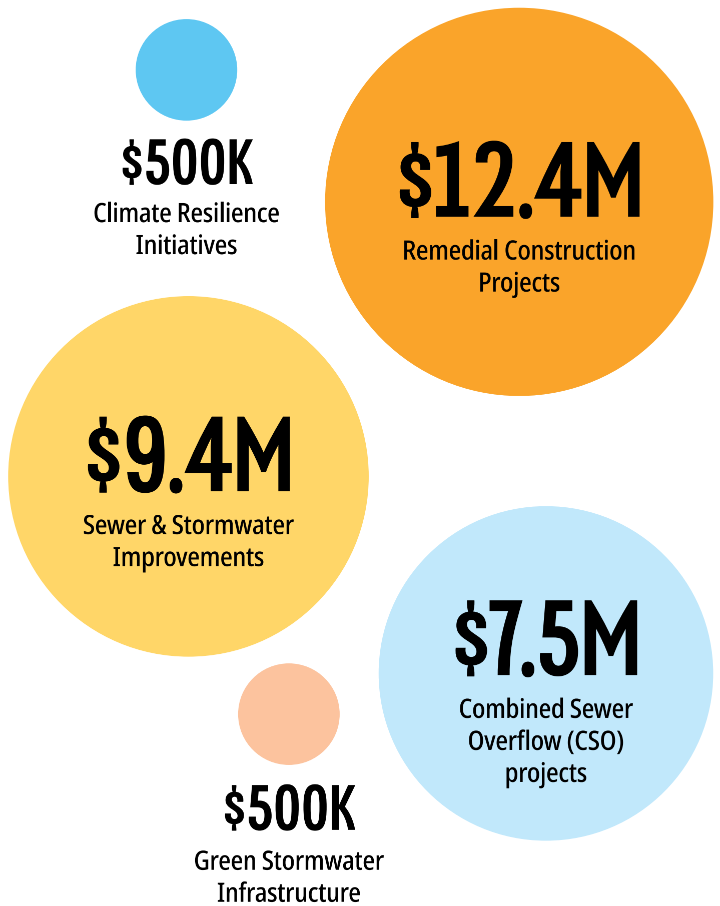
FY27 investments include $2 million for water system construction and $310,000 to replace an ozone generator, helping ensure residents continue to receive safe and reliable drinking water.

Planning for the Long Term

By planning projects over many years, coordinating investments across departments, and maintaining infrastructure before it fails, Cambridge is able to protect public assets, reduce long-term costs, and continue building a stronger, more resilient community.

Investing in Essential Infrastructure

The FY27 Capital Budget includes major investments to improve underground utilities, reduce flooding, and protect water quality, including:



Together, these projects help modernize aging infrastructure while preparing Cambridge for the impacts of more frequent severe weather.

10

Multilingual Highlights

BANGLA

আরও স্টোরি

ক্যামব্রিজ প্রোগ্রাম, উদ্যোগ এবং সুযোগ সম্পর্কে কি আরও জানতে চান? আমাদের অনলাইন "ফিচার স্টোরিগুলো" দেখুন। আবাসন, পরিবহন, অর্থনৈতিক উন্নয়ন এবং অন্যান্য বিষয় সম্পর্কে গভীর বিশ্লেষণধর্মী নিবন্ধ পড়ুন

AMHARIC

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ENGLISH

More Stories

Want to learn more about Cambridge programs, initiatives, and opportunities? Visit our online **"Feature Stories."** Read in-depth articles about housing, transportation, economic development, and other topics.

CHINESE

更多精彩内容

想要进一步了解剑桥计划、项目与机遇吗?欢迎访问我们的在线栏目“专题故事”,阅读有关住房、交通、经济发展及其他话题的深度文章

PORTUGUESE

Mais histórias

Quer saber mais sobre os programas, iniciativas e oportunidades de Cambridge? Aceda às nossas "Histórias em destaque" online. Leia artigos detalhados sobre habitação, transportes, desenvolvimento económico e outros tópicos

ARABIC

المزيد من القصص

هل تتوق إلى اكتشاف المزيد عن برامج كامبريدج ومبادراتها وفرصها الرائعة؟ تفضل بزيارة "قصصنا المميزة" على الإنترنت. اقرأ مقالاتنا المتعمقة التي تغطي كل ما يتعلق بالإسكان ووسائل النقل والتنمية الاقتصادية وغيرها من الموضوعات الهامة

SPANISH

Más historias

¿Quieres saber más sobre los programas, las iniciativas y las oportunidades de Cambridge? Visita nuestras «Historias de interés» en línea. Lee artículos detallados sobre la vivienda, el transporte, el desarrollo económico y otros temas.

HAITIAN CREOLE

Kiyès pou mwen rele pou mwen aprann plis sou

Vizite biwo admisyon nou an.

Li atik apwofondi sou lojman, transpò, devlopman ekonomik, ak lòt s

CityView Newsletter

A publication of the Office of the City Manager

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@cambridgemass

Your voice Your Cambridge

Watch Your Mailbox!

Soon, **15,000 randomly selected Cambridge households** will receive a special invitation to enter the lottery and be part of a brand new community engagement process.

If you get one, don't miss your chance. Respond to enter the lottery.

Learn more at:
cambridgema.gov/civicassembly