



The perils and promise of America's legacy cities in the pandemic era

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Introduction

When I moved to Detroit in 2016 for a new job, I found the city to be a remarkable study in contrasts. There was a beehive of activity in the downtown and Midtown areas: ubiquitous cranes, beautiful historic structures being renovated, new condo buildings rising from vacant lots, trendy restaurants opening, etc. But this activity was often directly adjacent to abandoned lots or decrepit buildings that had sat unoccupied for decades. And beyond the busier corridors stood vast stretches of vacant properties and shuttered businesses scattered throughout neighborhoods. Wide, empty boulevards crisscross a city with infrastructure built to accommodate a population of more than 2 million, but which now houses fewer than 700,000 people.

From native Detroiters, though, I heard cautious optimism. The city was experiencing a comeback that seemed both more inclusive and more sustained than those that came before. Then, in March 2020, COVID-19 struck. Detroit was among the most heavily affected U.S. cities in the first month of the pandemic, with pronounced impacts for the local Black population. The region has suffered steep job losses and widespread small business closures.

Detroit's extreme duality—the pockets of progress and its endemic blight—made it more vulnerable to the health and economic crises the COVID-19 pandemic spawned. The Motor City is hardly alone in this respect; dozens of cities around the country (particularly those in the former industrial belt of the Midwest and Northeast) exhibit similar vulnerabilities.

COVID-19's devastating impact is likely to be more severe and long-lasting in “legacy cities” like Detroit, especially for minority communities. But promising, new collaborative local efforts and leadership—particularly if they are shored up by key policy fixes—can make a difference in whether and how these places recover from the crisis and emerge stronger on the other side.

Why legacy cities matter

As the COVID-19 pandemic continues, we are bound to see a decoupling of its health effects from its economic impacts. In other words, the places likely to be hardest-hit economically for the long term are not those places where the highest numbers of people have contracted the virus (e.g., New York, Los Angeles, Miami).

Instead, the places likely to suffer the most devastating and profound effects are—as in past economic crises—the country’s legacy cities. Also known as “[older industrial](#)” cities, these are places like Detroit, Cleveland, St. Louis, Pittsburgh, and Buffalo and Rochester, N.Y. They have economies rooted in the declining manufacturing sector, have already suffered decades of population loss, and are afflicted with egregiously high unemployment, poverty, and vacancy rates, as well as low income levels—just a few indicators representative of their challenges.

Already, the COVID-19 crisis is exacting a disproportionate economic toll on some legacy cities. From February to June 2020, Detroit, Buffalo, and Rochester lost 14% of their jobs, which were among the largest declines nationwide. Other legacy cities—such as Louisville, Ky., Providence, R.I., Cleveland, and Pittsburgh—also suffered job losses at rates well above the national average of 10%¹. These setbacks compounded the challenges these regional economies were already facing, as some of them never fully recovered the jobs they lost a decade ago during the Great Recession.

Legacy cities have always held a central place in the U.S. economy, and their fates remain intricately tied to the national interest. Historically, these industrial cities were America’s critical urban economic drivers. Today, they represent one-eighth of the nation’s population. Their prosperity is key to mitigating harmful regional imbalances in the U.S. economy, and their demographic legacies make them linchpins in the country’s efforts to achieve greater racial equity. Ensuring prosperity in these cities not only yields economic benefits for our nation but also advances social progress.



Why legacy cities could be hit harder than other places

Although other, more prosperous cities have experienced severe economic and health impacts from COVID-19, legacy cities are likely to suffer more deeply from the pandemic's effects. Due to underlying health conditions, inadequate access to good health care, and other environmental factors, legacy cities have high concentrations of residents vulnerable to the disease itself. These cities also have fragile economies with long-standing structural weaknesses that expose them to more severe initial impacts and complicate the path to recovery.

As a densely populated urban center with a high-risk population, Detroit was an early “ground zero” for COVID-19 infections and deaths outside the east and west coasts. Although the city is showing signs of recovery, the early economic impacts there and in other legacy cities were staggering—and, in most cases, more severe than those occurring in other metropolitan areas (Table 1).

Table 1: Selected economic impacts of the COVID-19 crisis on legacy metro area economies

Legacy metro area	Change in unemployment rate, Feb-May 2020	Change in jobs, Feb-Jun 2020	Change in job postings, Jun 2019-Jun 2020
Buffalo	10.3%	-13.8%	0.6%
Cincinnati	7.8%	-9.0%	0.4%
Cleveland	12.8%	-12.5%	-9.8%
Detroit	19.3%	-14.1%	-11.7%
Milwaukee	9.5%	-8.5%	-25.1%
Pittsburgh	9.0%	-10.8%	-7.3%
Rochester	7.5%	-13.8%	-15.2%
St. Louis	8.1%	-8.8%	-17.5%
Metro median	9.1%	-9.6%	-17.1%

Source: Brookings analysis of BLS and Emsi data

These early returns are only the tip of a slow-moving and destructive iceberg. There are several reasons to suspect that the continuing impacts of the crisis may be more acute in legacy cities, and that they face a more uncertain road to recovery.

First, legacy cities started from a weaker economic baseline than other places, with a higher percentage of their populations having only a precarious connection to the economy. Despite some recent progress, many headline indicators for legacy cities were bleak even before the pandemic. Both Cleveland and Detroit's poverty rates hovered around 33%—roughly three times the national average—while St. Louis, Baltimore, and Philadelphia's poverty rates were over twice the national average. The labor force participation rate (LFPR) showed that almost half of workers in these cities were not even looking for a job, even as the rest of the country enjoyed historically low unemployment rates. In 2018, Detroit's LFPR was the lowest in the country (despite downtown Detroit booming with thousands of new jobs), followed closely by Cleveland and Baltimore.² Similarly, these cities displayed sharply lower rates of business creation and levels of median income. Their weaker starting points—exacerbated by layoffs and sharp declines in consumer demand and buying power—represent a toxic mix for legacy city economies during COVID-19.

Second, this weak baseline reflects and is exacerbated by deep racial and spatial inequities and histories of racial discrimination. People of color, particularly Black Americans, make up a significant portion of legacy city populations. Detroit's population is 80% Black, the highest in the country; in other legacy cities, nonwhite residents represent about 40% of the population. Racial inequities are deeply embedded in these cities through significant disparities in access to quality education, jobs and career advancement, and middle-income neighborhoods. Legacy cities also rank among the most racially segregated metropolitan areas in the country. In 2016, the median income gap between white households and households headed by people of color was about [\\$16,000 nationwide, but \\$24,000 in legacy cities](#). These income disparities—combined with barriers to capital and opportunities for equity accumulation and appreciation—produce deep racial wealth disparities in legacy cities, leaving many households with insufficient buffers to weather financial emergencies, and rendering their communities and cities more susceptible to downturns.

Third, the lack of economic growth, unequal access to opportunity, and stressed local budgets have contributed to substantially weaker systems in areas such as education, workforce training, small business support, and basic public services for legacy cities. Legacy cities are saddled with inherent fiscal problems that will exacerbate their entry into—and exit from—the current economic crisis. Before the pandemic, cities such as Detroit were just beginning to dig themselves out of prior fiscal crises, with foreclosures and vacancy rates stabilizing or declining and more residents paying property taxes. These positive fiscal trends made it possible for Detroit to provide some basic services once again; for instance, in December 2016, 65,000 new LED lights illuminated streets in some neighborhoods that had been dark for decades. While a seemingly minor accomplishment, it was a proud and symbolic moment for a city previously incapable of providing such services.

Yet this progress belied many years of underinvestment in financial, employment, and other fundamental systems that contribute to a vibrant and resilient local economy. Small business support services (e.g., loans, technical assistance, etc.) for minority and women owners were fragile even in the best of times. Buffalo and Rochester already had two of the lowest small business per capita lending rates (by community development financial institutions), followed closely by Cleveland and Baltimore.³ Given their generally smaller size, more limited access to capital, and smaller cash buffers, Black-owned small businesses are less likely than others to survive the COVID-19 crisis, putting legacy cities at even greater economic risk.⁴ These cities are also characterized by highly fragmented workforce training systems, contributing to an insufficient training pipeline for lower-income workers. Despite higher-than-average unemployment and lower-than-average labor force participation in the pre-pandemic labor market, employers in these cities still pointed to a mismatch between open jobs and the supply of trained workers.

Now, as unemployed workers fall behind on their mortgages or rents, landlords default on loans, and small businesses shutter, legacy cities are likely to face significant municipal revenue shortages which could further weaken critical local systems. As [Michael A. Pagano and Christiana K. McFarland observe](#), many legacy cities have local fiscal structures that leave them even more exposed than other cities to the current economic crisis.



Fourth, the specific impacts of this crisis on higher education, medical centers, cultural institutions, and retail/restaurant corridors imperil—at least in the short term—many of the core and emerging assets of legacy cities. Legacy cities have been buoyed economically by critical assets such as top universities (e.g., Carnegie Mellon in Pittsburgh, Johns Hopkins in Baltimore), research medical centers (e.g., Cleveland Clinic, University of Pittsburgh Medical Center), and cultural institutions (e.g., Detroit Institute of Arts, Cleveland Museum of Art). These remnants of wealthy legacy industries have fueled recoveries across these cities by supporting innovation, attracting professionals who work and live near them, and physically anchoring adjacent, surrounding neighborhoods and creating spinoff businesses. However, many of these same anchors have been severely affected by the COVID-19 crisis, with higher education institutions unable to bring back full student populations due to virus concerns, medical centers forced to turn away revenue-generating elective surgeries and lay off workers, and cultural institutions devastated by long-term closures and a lack of tourism.

Similarly, before the pandemic, emerging commercial corridors—such as Detroit’s Cass and Livernois-McNichols corridors or Pittsburgh’s East Liberty neighborhood—were slowly revitalizing historic shopping areas. Commercial corridors in these cities are often characterized by newly established restaurants and retail stores with limited cash reserves—the kind that are increasingly unlikely to reopen as the COVID-19 crisis continues. This threatens not just the corridors themselves, but also the viability of adjacent neighborhoods in a delicate revival phase.

Fifth, before the crisis, these cities faced structural challenges related to growing automation, which the downturn may accelerate. While the depth of the COVID-19 crisis remains unknown, it is clear that the pandemic will not reverse the preexisting trend of more jobs becoming partially or totally automated. In fact, [as Brookings’s Mark Muro and colleagues point out](#), recent recessions have tended to accelerate automation. Cities with high concentrations of white-collar, high-tech workers who can more easily work from home may confront fewer short-run challenges and enjoy a smoother path to eventual recovery. Legacy cities, by contrast, have higher shares of their jobs in occupations and industries more susceptible to automation. For places that are not already high-tech centers, or where tech training programs had only just started to create a pipeline of tech workers, the pandemic could imperil near-term labor market fortunes.

Legacy cities' unique advantages during times of crisis

These five factors, together with the early economic returns, suggest a rather bleak future for legacy cities as the COVID-19 crisis rages on. However, there are glimmers of hope that may position these cities better than during the Great Recession—or even better than some other cities right now—to rebound from this crisis.

First, legacy cities had more economic momentum entering the COVID-19 crisis than prior to the Great Recession, thanks to a longer period of growth preceding it and a stronger commitment to investing in core cities and neighborhoods. While economic progress has been uneven from city to city, legacy cities gained ground in the last decade. Although their unemployment rates remained higher than the national average pre-pandemic, those rates declined over the last 12 years, often by more than the U.S. average (Table 2). Downtowns in

Table 2: Unemployment rates for legacy cities entering the Great Recession and the COVID-19 crisis

Legacy metro area	Unemployment rate, December 2007	Unemployment rate, December 2019	%-point change in unemployment rate, Dec 2007-19
Buffalo	6.1%	5.5%	-0.6%
Cincinnati	4.9%	3.3%	-1.6%
Cleveland	7.1%	4.5%	-2.6%
Detroit	13.1%	7.7%	-5.4%
Milwaukee	6.2%	4.0%	-2.2%
Pittsburgh	4.3%	4.1%	-0.2%
Rochester	6.4%	6.2%	-0.2%
St. Louis	5.5%	3.3%	-2.2%
United States	4.8%	3.4%	-1.4%

Source: Brookings analysis of BLS data

Table 3: Number of college-educated 25- to 34-year-olds living within three miles of the central business district in legacy cities, 2010 to 2016

Legacy city	2010	2016	Change
Buffalo	5,752	7,362	28%
Cincinnati	8,179	11,923	46%
Cleveland	4,805	6,736	40%
Detroit	3,153	8,239	261%
Milwaukee	12,614	17,001	35%
Pittsburgh	11,796	17,387	47%
Rochester	11,552	11,831	2%
St. Louis	7,371	9,559	30%
All very large metros	1,116,254	1,472,522	32%

Source: City Observatory, "Youth Movement"

Detroit, Pittsburgh, and Cleveland are seeing a surge in condo construction and repopulating after decades of decline. The sought-after 25- to 34-year-old college-educated cohort has been settling in many of these cities' downtowns and close-in neighborhoods, augmenting residential stability and the local tax base (Table 3). Some cities are beginning to invest beyond their downtowns and other wealthier areas (e.g., Midtown Detroit, Cleveland's University Circle) into outlying neighborhoods through initiatives such as Detroit's Strategic Neighborhood Fund or Buffalo's East Side Avenues initiative, drawing private sector investment and fueling market momentum.

Place-based investments—strategically targeted in places such as Over-the-Rhine in Cincinnati or East Liberty in Pittsburgh—stabilized these markets and attracted small Main Street businesses to the neighborhoods. One of a number of emerging public-private-philanthropic partnerships across legacy cities, the Cincinnati Center City Development Corporation (3CDC) has invested over \$1 billion—largely from downtown Cincinnati corporations—since 2003 in the previously struggling Over-the-Rhine neighborhood, fostering an attractive mix of historic buildings with retail and residential uses in the shadow of downtown Cincinnati. Before the pandemic shut down the global economy, there were signs that these investments were taking root. While widespread and sustained small business closures may threaten their survival, preexisting momentum and new partnerships may position these neighborhoods to better withstand setbacks.⁵

Second, there is greater public awareness that economic momentum was not shared equally by race and place. It would be an understatement to say that public awareness of racial inequities has been heightened in the last few months. But even before this explosion of national attention in the wake of George Floyd’s murder in Minneapolis, the COVID-19 pandemic seemed likely to force a reckoning with the deep structural inequalities that pervade legacy cities and hold them back from progress, given the starkly disproportionate health and economic impacts on the Black community.

Legacy cities’ trends of increasing property values, rising income, and new jobs prior to COVID-19 were not equally benefitting all long-term residents, particularly in communities of color. In Buffalo, Cleveland, and Detroit, for instance, employment and income gaps between each region’s poorest and wealthiest neighborhoods grew significantly between the early and late 2010s.⁶ In response, local leaders brought in new IT training programs such as Year Up and Per Scholas to provide support services for low-income workers. But despite credible efforts to create pathways to technology jobs for disconnected workers, new IT jobs still largely went to either newly relocated white residents or those living in the suburbs.

While they are inadequate to fully address deep structural inequities, collaborative philanthropic investments—such as the New Economy Initiative in Detroit and the Fund for Our Economic Future in Cleveland—have been on the rise in legacy cities. These efforts seek to expand economic opportunity and equity through job creation, job growth, and small business support. Funds specifically created to provide capital access and technical assistance for minority- and women-owned small business startups have also been growing, including the Baltimore Small Business Technical Assistance Fund. The pandemic’s economic fallout has turned a laser focus to small business instability and needs writ large, but particularly on minority and women owners unable to access conventional bank loans or even rely on family and friends in normal times, let alone during a crisis.

Third, the devastating impacts of the Great Recession on many of these communities gave rise to unique public-private-civic collaborations and bolstered their culture of resilience. The economic momentum of the last decade—while still wholly inadequate to produce truly shared prosperity—did seem to enable local leaders in legacy cities to begin to transcend a long-



standing scarcity mindset. This mindset was understandably based in continual disappointments over factories shuttering, companies closing operations, and resources waning, which often led stakeholders to protect their turf and money rather than open themselves up to genuine collaboration. The transition out of that mindset can be seen in many of the collaboration examples identified here, as well as in many more subtle relationships that could support these cities through lean times to come.

Furthermore, legacy city residents are well-known for their “grit” and pride in place (e.g., [Detroit Vs. Everybody](#)). Talented local neighborhood and nonprofit leaders are passionate about their communities and accustomed to banding together, such as in the case of Detroit’s Jefferson East, Inc. and Midtown Detroit, Inc., Cleveland Neighborhood Progress, Pittsburgh’s Neighborhood Allies, or the Youngstown Neighborhood Development Corporation. For years, these organizations have led the way in forging strong community ties and promoting a culture where neighbors and communities help each other out—a deeply rooted version of the mutual-aid societies now [springing up in places like Brooklyn, N.Y.](#)

Now, a new generation of enlightened local political leaders—people like Nan Whaley in Dayton, Ohio, Randall Woodfin in Birmingham, Ala., and Dan Horrigan in Akron, Ohio—are moving to deploy or accelerate existing recovery tools. By concentrating and leveraging assets, identifying unique competitive advantages, and forging public-private partnerships, these leaders could even provide models for other, more prosperous cities that are less experienced in combatting severe economic challenges.

The role of collaboration in legacy cities' recovery

While the outlook may seem challenging, to those of us working in the trenches of legacy cities, unique opportunities to build on past momentum and forge a racially equitable recovery are presenting themselves. Of course, state and federal public policy interventions could be game-changing, beginning with much-needed general fiscal aid and extending to more targeted investments in small business supports, infrastructure, or reshoring supply chains. But local innovation—arising from resilient cultures and cross-sector collaborations born out of necessity, as well as a new generation of local leaders governing from a new playbook—can also help drive such a recovery.

Ultimately, collaborations represent key assets that legacy cities can—and must—draw from right now. Building a more resilient jobs base, aligning education and training programs for new opportunities, investing in small business ecosystems, and executing large-scale transformative place-making—all with greater intentionality around equitable outcomes—are significant lifts that demand dedicated, long-term, cross-sector partnerships.



Systemic changes to entrepreneurial ecosystems, for example, are challenging even in the best of times. However, [Open4](#), a Western New York small business loan and technical assistance fund, was recently launched in Buffalo by a funders' collaborative reacting to the dire economic circumstances. The idea for the fund was seeded prior to the pandemic, with several years of research and a preexisting focus on the unmet needs of minority-owned small businesses. Open4 emerged as a collaborative effort and grew in size, responding to heightened awareness of the acute and precarious condition of minority-owned small businesses. Entry points and capital investments for minority entrepreneurs are needed now more than ever; in this case, the COVID-19 crisis provided the impetus and opening to establish valuable new capacity for the long haul.

On the workforce training front, a new, more collaborative dynamic between employers, workers, and training providers is emerging in legacy cities. It was brought about by the combination of a tight, pre-pandemic labor market and a slow-moving but inexorable retirement cliff of aging baby boomers. Several innovative collaborations are now underway, including employers working with community colleges to guarantee a pipeline of appropriately trained workers to fill job vacancies.

For example, Sinclair Community College in Dayton, Ohio, offers programs designed with on-ramps and wrap-around supports to reach unemployed segments of the population and connect them to in-demand positions. In Milwaukee, business leaders rallied around the value of youth apprenticeship programs that offered on-site training and short-term credentials with opportunities to return for more education when necessary to move up the career ladder. Monroe Community College in Rochester, N.Y. and Henry Ford College in Detroit began to institute so-called “early/middle college programs” in conjunction with high schools to channel students into advanced manufacturing occupations, such as technician jobs in precision optics or instrumentation and controls, while also providing requisite supports customized for a more vulnerable population. The Detroit public school system is reinvesting in career and technical education (CTE) to prepare a pipeline of young workers to fill gaps in the skilled trades, advanced manufacturing, and food services sectors.

Public sector leaders should seize the moment and continue to ramp up these collaborative training models. Meanwhile, enlightened private sector leaders should continue to push for and invest in these models. If sustained and scaled, these collaborative and innovative funds and programs can stave off further decline and drive greater economic and social equity during recovery.

An opportunity for legacy cities

Our economic system has never been so deeply and rapidly challenged as it has been by COVID-19. However, unique opportunities for change and reform are presenting themselves, most prominently in America’s legacy cities. Although these cities have never experienced anything quite like the pandemic, they are nonetheless battle-tested places, with innovative and resilient populations and partnerships that can steer them through the uncertain times ahead.

In the 1940s, the Austrian economist Joseph Schumpeter coined the term “creative destruction” to describe instances where the dismantling of long-standing practices paves the way for innovation. Amid the devastation the COVID-19 pandemic has wrought on lives and livelihoods in America’s legacy cities, it may nonetheless clear the way for much-needed innovations that can facilitate a more prosperous and equitable society.

Endnotes

1. U.S. Bureau of Labor Statistics.
2. U.S. Bureau of Labor Statistics and U.S. Census.
3. CDFI Fund 2017 Community Investment Impact System Data Release; US Census Bureau.
4. In legacy city metropolitan areas, about 2-3% of all employer businesses are Black-owned. This percentage, however, is likely considerably higher in the core cities themselves, and in their Black-majority neighborhoods. See Andre M. Perry, Jonathan Rothwell, and David Harshbarger, "Five-star reviews, one-star profits: The devaluation of businesses in Black communities" (Washington: Brookings Institution, 2020).
5. Jenna Johnson, "A Cincinnati neighborhood, beset by economic collapse and lifted by generosity." *Washington Post*, May 7, 2020. The article questions whether carefully cultivated small businesses, coffee shops, and restaurants in the Over-the-Rhine neighborhood will survive the pandemic.
6. [Brookings Metro Monitor](#), March 2020.

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