



Minnesota Region IV
2022-2026 Comprehensive Economic
Development Strategy

2025 Update



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View the full Comprehensive Economic Development Strategy at wcif.org or issuu.com/wcinitiative.

Introduction

Every five years, West Central Initiative invites residents to help shape the Comprehensive Economic Development Strategy (CEDS), a plan that outlines the region's economic landscape and identifies potential areas for investment to strengthen it. The CEDS also outlines how residents, businesses, and the public sector can collaborate to support the long-term vitality of our region. The most recent CEDS, covering 2022-2026, was completed in 2021 and approved by the region's Economic Development District Advisory Board.



The 2022-2026 CEDS outlined strategies in nine priority areas:

- Workforce Development
 - Business Development
 - Access to Education
 - Resilient Infrastructure
 - Housing
 - Transportation
 - Circular Agriculture
 - Equity and Inclusion
 - Parks and Recreation
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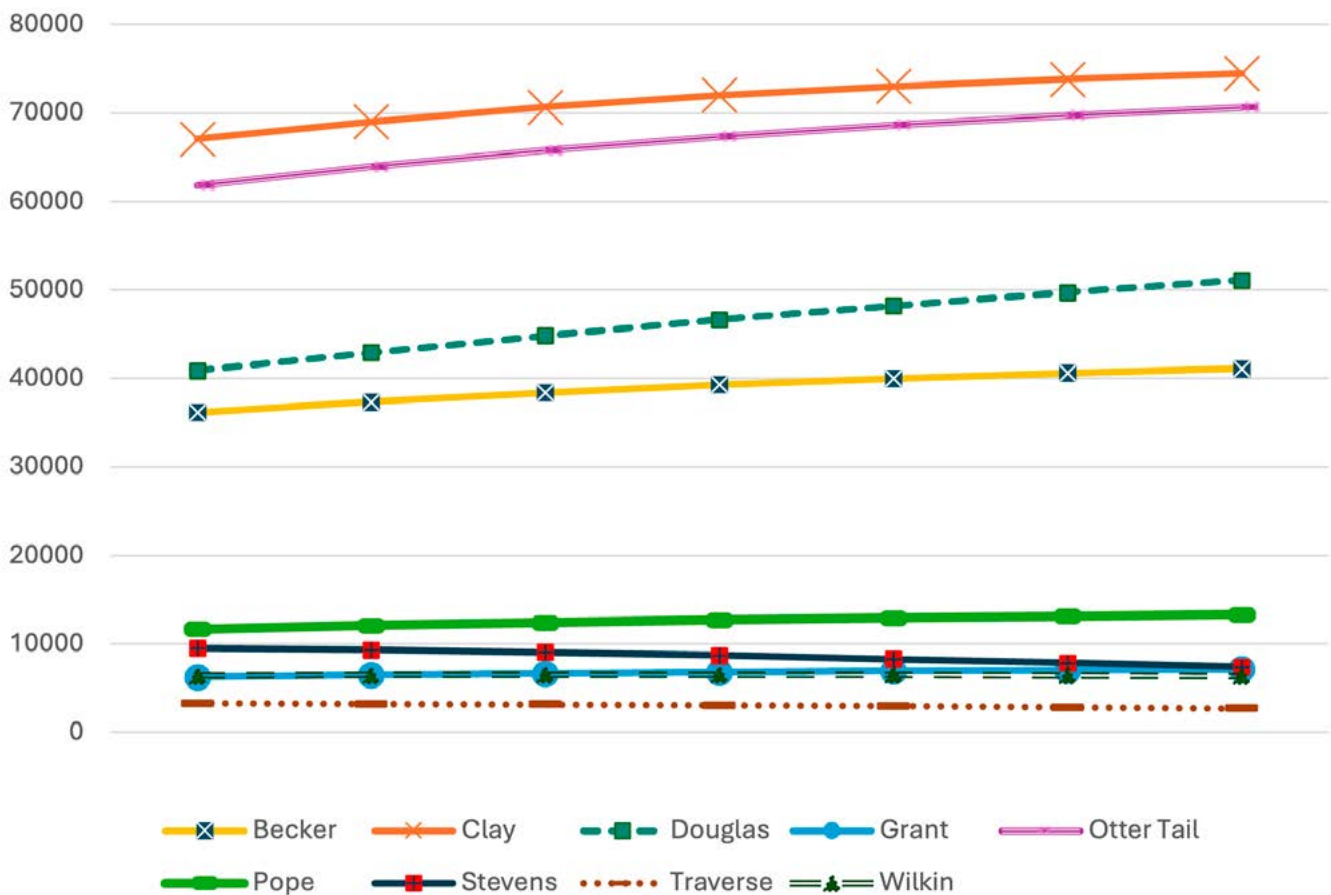
This annual update covers the first three years of implementing the plan's strategies, including updated demographic data and other key information. It also outlines the proposed work for the 2025 calendar year.

Population

The Minnesota State Demographic Center released updated population projections in 2024, which included updates from the U.S. Census American Community Survey. The population in most counties is projected to remain fairly steady, with increases in Clay, Otter Tail, Douglas, and Becker Counties and a slight decline in Stevens County.

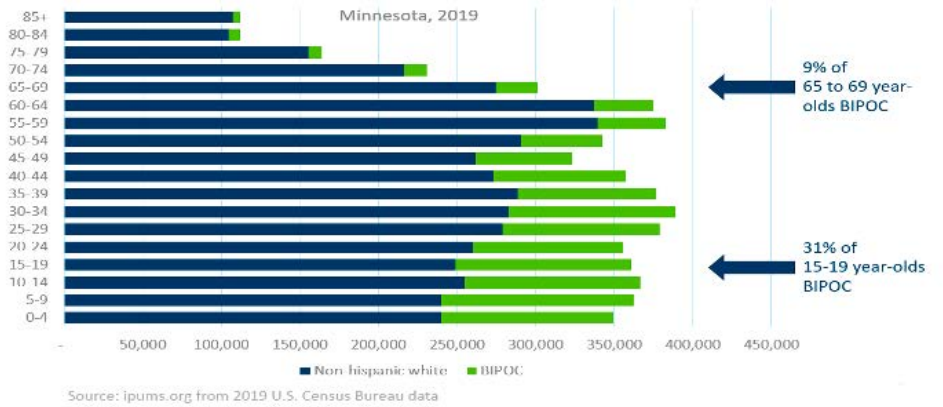
The region's population is expected to become more diverse, with increasing racial and ethnic diversity in west central Minnesota. Projections indicate population growth in areas that already have a more diverse population. However, these projections may change depending on how and where the region embraces and supports its shifting demographics.

Population Projections by County



The increase in population and the increase in diversity are directly related, as shown in the U.S. Census data. Minnesota's younger age demographics contain a higher percentage of people who identify as Hispanic White compared to those aged 60 and older. Similarly, the counties in west central Minnesota with a higher percentage of Hispanics are increasing in population.

Minnesota's workforce will continue to become more racially and culturally diverse



To sustain our workforce, significant progress is needed in providing affordable housing and child care, particularly those that align with the needs of the projected population.

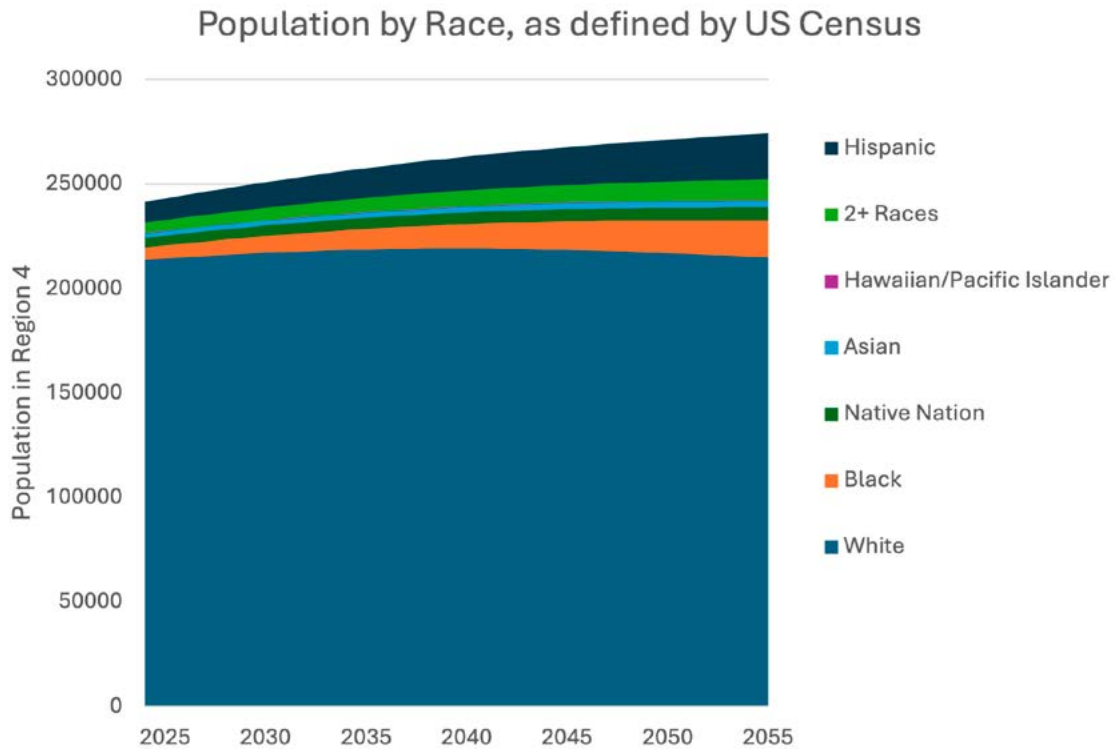


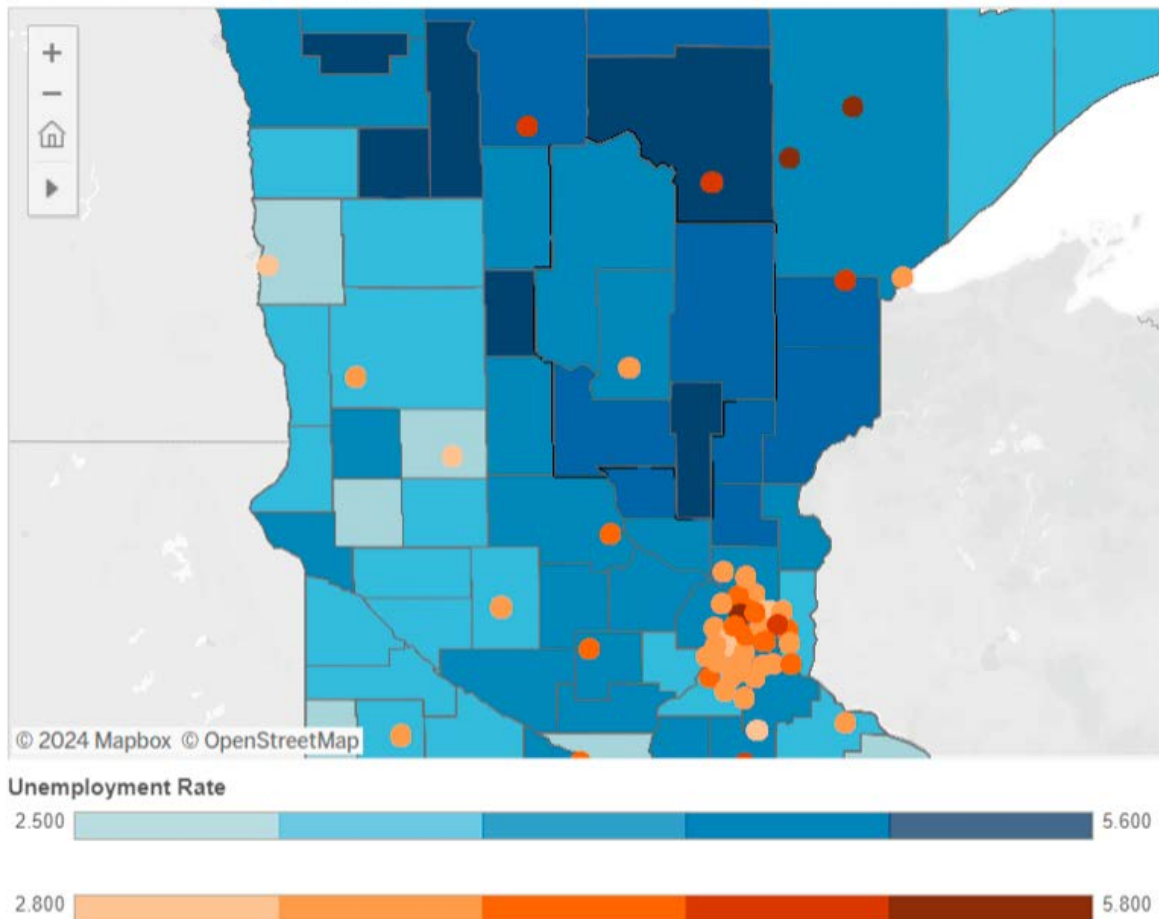
Figure 1: Population projections from Minnesota State Demographic Center

Workforce & Access to Education

Minnesota Department of Employment and Economic Development data shows that the unemployment rate in west central Minnesota is relatively low, ranging from 4% in Grant County to 2.8% in Stevens County.



**County Unemployment Rates, August 2024
(Not seasonally adjusted)**



Source: DEED, Labor Market Information Office, Local Area Unemployment Statistics

Figure 2 Unemployment rate in August 2024 from Department of Employment and Economic Development Labor Area Unemployment Statistics <https://mn.gov/deed/data/data-tools/laus/>

Since 2019, employment trends have shifted. According to the data from Minnesota Department of Public Administration jobs have significantly decreased, while Healthcare and Construction jobs have grown. When asked to comment about the 1,000+ loss of positions in the Public Administration industry, Northwest Regional Analyst Anthony Schaffhauser of MN DEED stated:

“The public administration employment drop was entirely local government. Local Government Public Administration was at a low point in Q1 2022, and has been trending up since then. However, it is a long way from the Q3 2019 high. In 2020 and 2021, a lot of public-facing convening functions of local government were halted due to the pandemic. Then, as things started opening up, the private sector was adding jobs faster than they could get workers and were raising wages and hiring rapidly. Government hiring and wage increases are much slower. Retirements also increased. While local government employment has been slowly rebounding, I suspect a lot of the jobs that existed in 2019 have been eliminated from budgets.”



Figure 3: From the Department of Employment and Economic Development, Quarterly Census of Employment & Wages: <https://mn.gov/deed/data/current-econ-highlights/qcew-econ-highlights.jsp>

While all industries have seen an increase in the average weekly wage since 2019, Real Estate, Rental and Leasing had the largest percentage of increase, growing by 46.3%. At the lowest end of the increase are Mining at 11.6% and Educational Services at 13.4%. For comparison, the cumulative inflation rate in the U.S. between 2019 and the end of 2023 was approximately 23.5%.

Industry	2023 Average Weekly Wage	2019 Average Weekly Wage	Change in Wage	Change in Wage as Percentage	Compared to Inflation Rate of 23.5%
Accommodation and Food Services	\$396	\$300	\$96	32.0%	8.5%
Arts, Entertainment, and Recreation	\$366	\$288	\$78	27.1%	3.6%
Educational Services	\$945	\$833	\$112	13.4%	-10.1%
Manufacturing	\$1,246	\$1,029	\$217	21.1%	-2.4%
Other Services (except Public Administration)	\$659	\$490	\$169	34.5%	11.0%
Health Care and Social Assistance	\$987	\$789	\$198	25.1%	1.6%
Administrative and Support, Waste Management and Remediation Services	\$811	\$683	\$128	18.7%	-4.8%
Retail Trade	\$666	\$542	\$124	22.9%	-0.6%
Transportation and Warehousing	\$962	\$773	\$189	24.5%	1.0%
Professional, Scientific, and Technical Services	\$1,372	\$1,074	\$298	27.7%	4.2%
Information	\$1,261	\$926	\$335	36.2%	12.7%
Wholesale Trade	\$1,447	\$1,138	\$309	27.2%	3.7%
Construction	\$1,266	\$1,1019	\$247	24.2%	0.7%
Public Administration	\$1,158	\$979	\$179	18.3%	-5.2%
Real Estate and Rental and Leasing	\$1,125	\$769	\$356	46.3%	22.8%
Finance and Insurance	\$1,585	\$1,156	\$429	37.1%	13.6%
Management of Companies and Enterprises	\$3,000	\$2,166	\$834	38.5%	15.0%
Utilities	\$2,033	\$1,781	\$252	14.1%	-9.4%
Mining	\$1,286	\$1,152	\$134	11.6%	-11.9%
Agriculture, Forestry, Fishing and Hunting	\$1,068	\$878	\$190	21.6%	-1.9%

Local Progress

- Minnesota Department of Employment and Economic Development (DEED) continues to offer incentives to businesses looking to employ populations with low employment participation, including disabled Minnesotans.
- Minnesota DEED also offers cost-share programs with employers and small businesses for training, including the Minnesota Job Skills Partnership Program, Job Training Incentive Program, Automation Training Incentive Program, and the SciTechsperience Internship Program.
- With support from Lakes Country Service Cooperative, the region's high schools are engaging in Career and Technical Education (CTE) programming. Otter Tail County has expanded its Youth Workforce Navigation Program, linking students with participating county employers through tours, speakers, job shadowing, internships, and other local career exploration.

YOUTH WORKFORCE NAVIGATION

Build the future workforce by engaging with students in Otter Tail County



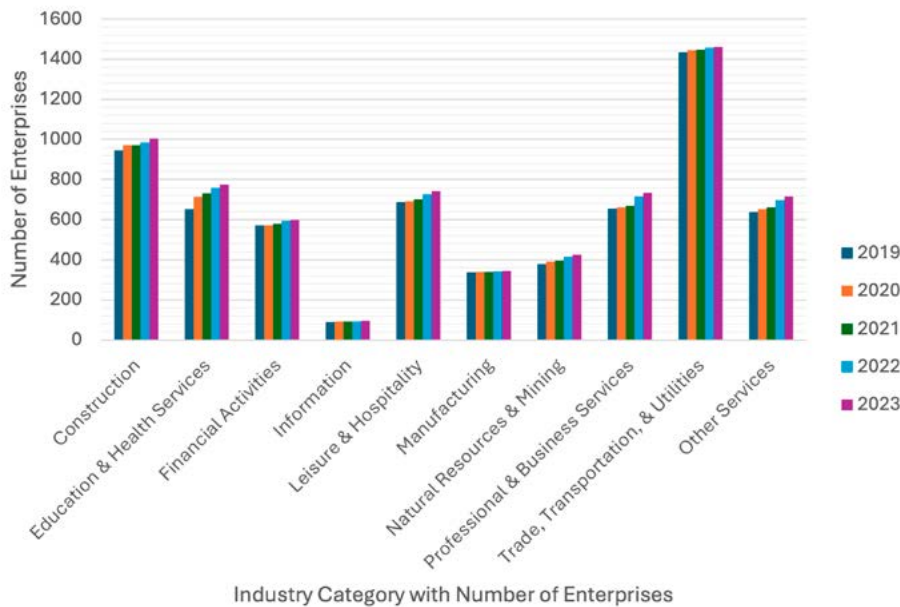
Figure 4: The Otter Tail County Youth Workforce Navigation has grown exponentially since its start in 2022. <https://ottertailcounty.gov/business-and-workforce-development/workforce-development/>

- Without enough child-care options, many parents are simply unable to work or remain underemployed. West Central Initiative's Early Childhood Initiative, with coordinators in each county and White Earth Nation, continues to focus on the shortage of early care and education workers. This includes advocating for state funding to support successful pilot programs, such as community-based child care project managers and Early Care and Education Networks. Since 2021, the network has attracted more than one million dollars in investment from state and private funders to address the child-care shortage. Additionally, Pope County received \$1,875,000 in Congressionally Directed Spending to create a new child care center licensed for 100 children, newborn to school age, as well as a community early childhood education hub.

Business Development



Despite challenges in finding employees, businesses are seeing an increase in growth. According to the Minnesota Department of Employment and Economic Development Quarterly Census of Employment and Wages, the number of enterprises in the region has increased annually since 2019.

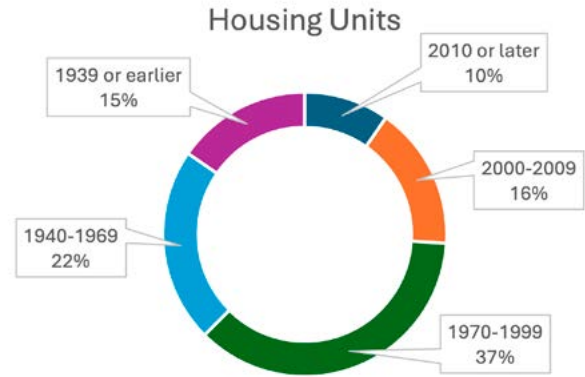
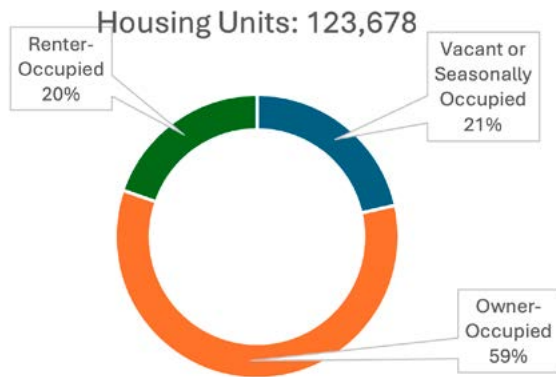


Local Progress

- More communities in the region are forming local economic development partnerships. These partnerships help improve support systems for start-ups by coordinating services and resources, making it easier to attract and sustain businesses that boost the community's economy and improve residents' quality of life. The City of Detroit Lakes has established a new position dedicated to economic development, while Becker County has filled a long-vacant role focused on the same. Additionally, Project 412, a new nonprofit based in Detroit Lakes, is advancing community priorities and has expanded its team with new hires.
- The Minnesota Department of Employment and Economic Development has continued to aid area businesses through grants and loans, including the Main Street Economic Revitalization Program, Providing Resources & Opportunity & Maximizing Investments in Striving Entrepreneurs (PROMISE) Act-associated programs, Launch MN, and others that provide direct support to businesses.
- The Minnesota legislature has approved more funding to create programs and recapitalize loan pools for organizations serving Greater Minnesota. Additionally, discussions have started on ways to bring more funding to rural areas, such as Angel Investing, which have historically lacked access to these resources.
- In partnership with the Neighborhood Development Center, West Central Initiative is pursuing the creation and implementation of community-led Islamic-compatible financing. West Central Initiative continues to seek additional loan funds that can best serve entrepreneurs and business owners without competing with local lenders.
- West Central Initiative's existing loan funds continue to support business startups, acquisitions, and expansions across the region. As current loans are repaid, the funds are reinvested to assist other businesses.

Housing

The most recent data for west central Minnesota comes from U.S. Census American Community Survey estimates for 2022. They estimate that our region has 123,678 available housing units, of which 72,757 are occupied year-round by the owner and 24,386 by renters. The remaining 26,535 are classified as “vacant,” which, according to the U.S Census Bureau, also includes second homes or seasonally occupied housing units.

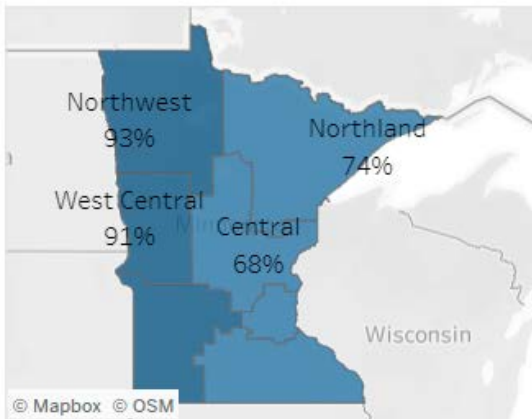


■ Vacant or Seasonally Occupied ■ Owner-Occupied ■ Renter-Occupied

■ 2010 or later ■ 2000-2009 ■ 1970-1999 ■ 1940-1969 ■ 1939 or earlier

The region’s housing stock, including single-family homes and multi-family buildings, represents a variety of ages when built. While most housing units were built after 1970, more than 35% are older homes, many of which need significant improvements.

Percent of Private Market Affordable to 60% AMI



Percent of Private Market Affordable to 30% AMI

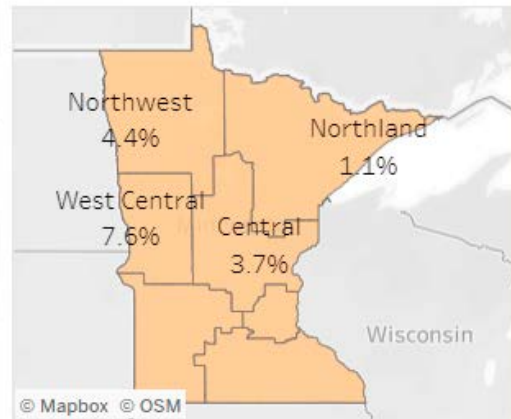


Figure 5 Percentage of private market rental housing that is deemed affordable to moderate-income households, from Housing Link <https://www.housinglink.org/Research/HousingMeasures> where 100% of the Area median income for west central Minnesota is \$69,252.

Households for which cost-burden is calculated	94,474	100.00%
Cost-burdened Households	24,221	25.60%
Cost-burdened Renters	10,243	46.40% of all renters
Cost-burdened Homeowners	13,978	19.30% of all homeowners

Housing Link conducted research on the price of rental units. Of all the market-rate (unsubsidized) rentals in west central Minnesota, 91% are listed as "affordable" to households at 60% of the area median income, and 7.6% are "affordable" to households at 30% of the area median income. However, the U.S. Census American Community Survey data indicates that 46.4% of all renters (or 10,243 households) are "cost-burdened," or paying rent more than 33% of the total household income. An additional 19.3% of all homeowners (13,978 households) are cost-burdened.

The average rent paid in the region is \$773, meaning that, based on the logic for determining "cost-burdened," a household would need to earn \$121,784 or more annually. However, only 32.6% of all households earn more than \$100,000 annually. This demonstrates the need for increased investment in housing for low- to moderate-income households.

Research from Ben Winchester, Rural Sociologist at the University of Minnesota Center for Community Vitality, states that what is missing in the housing continuum is "Move Over Housing." He states that seniors in the region are staying in their homes longer, which is causing a delay in the availability of this housing for young families. He believes that an increase in affordable senior housing options will create the needed vacancies to stabilize the current housing market.

Winchester also adds that public investments like the Small Cities Rehabilitation Program help seniors to make the necessary investments in the maintenance of their homes, which preserves the existing housing stock for first-time homebuyers. This premise was also shared by Kelly Asche, Senior Researcher at the Center for Rural Policy and Development. He stated in his research, "The relatively higher percentage of seniors living in rural communities, which, combined with their tendency to want to age in place, the emphasis on helping them do so, and the lack of assisted living facilities in rural communities, is causing not only a bottleneck in houses coming on the market but also increasing the likelihood that the amount of dilapidated housing will increase in the future," Asche wrote in a report.

Additionally, Minnesota has been projected to be an area where climate refugees may come to resettle. If this were to become reality, the demand for housing would increase, potentially exacerbating the unaffordability of housing for existing low- to moderate-income residents.

Local Progress

Several programs in the region have demonstrated smart investment in housing.

- For the past several years, Otter Tail County has made an intentional investment in countywide housing growth and investment. This has included housing studies, construction of senior housing, and partnerships with cities to offer low- or no-cost lots. This has contributed to the increase in the county's population.
- Within the region, two nonprofits are focused on Community Land Trusts: the Cass-Clay Community Land Trust in the Fargo-Moorhead area and West Central Minnesota Communities Action Land Trust serving multiple counties in the region. Trusts build homes in the most cost-effective ways available. This may include downpayment assistance or other private or public investments. The home is sold to an income-qualified participant (as defined by each trust). If the unit is sold at a later date, the new owner must income-qualify and is sold at the newly appraised value. Any equity the property has incurred is split between the seller and the trust to preserve the public and private investments and keep the property affordable in perpetuity.
- Wilkin County is investing in housing development as part of its partnership in the Southern Valley Economic Development Authority, and funding that is being provided by the Red River Diversion Settlement.
- A successful initiative in Pelican Rapids is a neighborhood of duplex homes. This offers residents the opportunity to invest in multigenerational housing or rental housing. The units resemble single-family homes but offer twice the housing units. The city has also reviewed and updated its zoning to explore how to increase its housing availability while maintaining community cohesiveness.
- West Central Continuum of Care serves the homeless, those at the highest risk of long-term homelessness, and those with very low income. Working collaboratively, nonprofits work together to provide the most appropriate housing intervention with state, federal, and privately raised funds. One partner, West Central Minnesota Communities Action Inc., has programs ranging from emergency/homeless housing assistance to a matched-savings program for downpayment assistance to the above-mentioned Housing Trust. Additionally, Community Action Partnerships partner with the Group Cares nonprofit, offering free home repair and painting to seniors and low-income homeowners.

In addition, other partners in Greater Minnesota have demonstrated some promising practices.

- The nonprofit Northcountry Cooperative Foundation is working across Minnesota to assist manufactured home park residents to purchase land and homes and preserve affordable housing for themselves and their families. Residents in Moorhead and Alexandria are working with Northcountry to create and operate a cooperative ownership model.
- The Northwest Regional Development Commission worked with three small rural communities to construct single-family homes using lower-cost modular homes. Since construction can take place year-round in climate-controlled facilities, it allows for cost efficiency and extends the lifespan of homes. The future resale value will ultimately determine the long-term success of this housing approach.

Transportation

Over the past two years, the West Central Initiative Planning Team, in partnership with the Minnesota Department of Transportation (MnDOT) and regional stakeholders, has achieved several key milestones: completing the Scenic Byways Plan, advancing freight planning, developing the regional active transportation plan, and overseeing the Transportation Alternatives program.

The team also supported communities by guiding them through Complete Streets planning, assisting with trail planning and securing funding, and offering planning help as they explore traffic flow changes and multi-modal transportation options.

West Central Initiative is proud to offer this service on behalf of MnDOT while also advising MnDOT on serving our region. This includes advocating for walkable communities, providing Complete Streets technical assistance, and supporting investments in resilient infrastructure.



Local Progress

For a full list of completed and future projects, visit MnDOT's Region 4 webpage at <https://www.dot.state.mn.us/d4/projects.html>

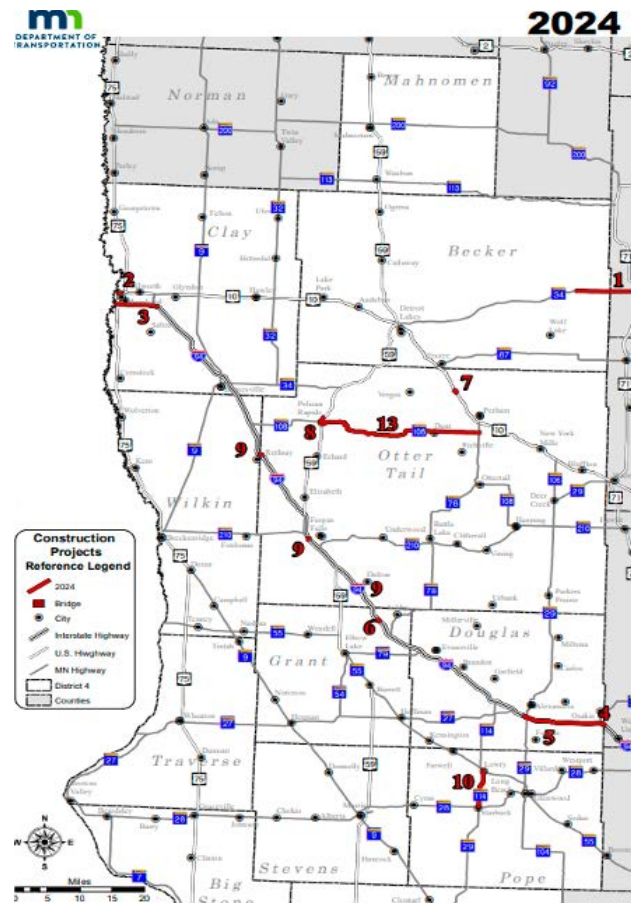


Figure 6 Minnesota Department of Transportation 2024 project map <https://www.dot.state.mn.us/d4/projects.html>

Resilient Infrastructure

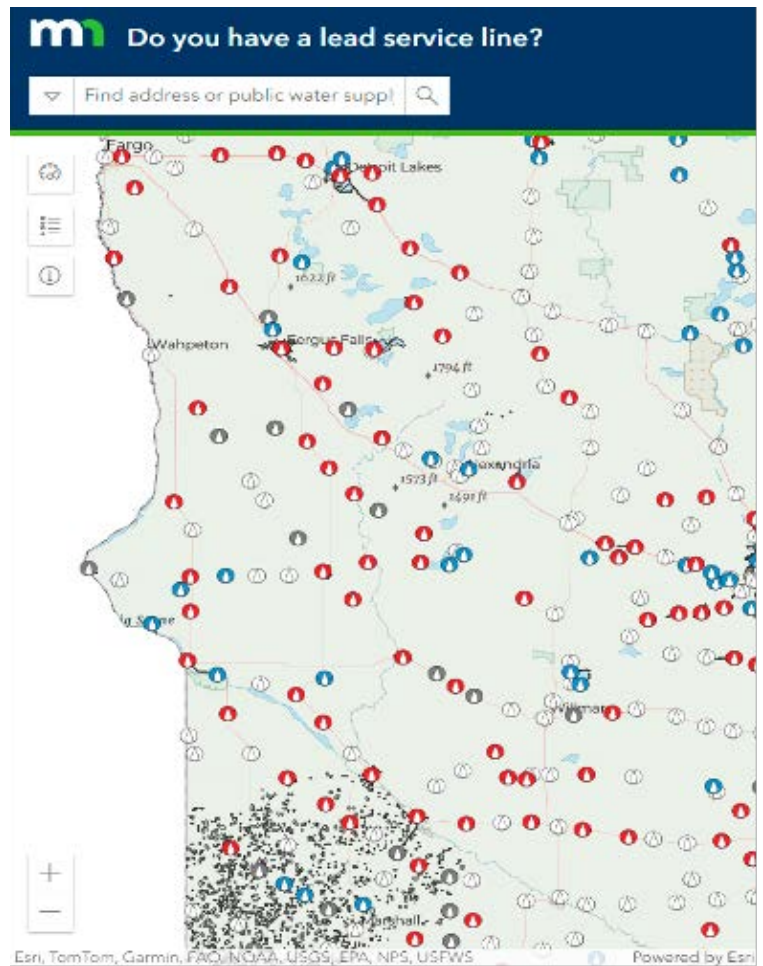
In 2014, West Central Initiative commissioned a regional infrastructure study with Widseth Smith Nolting, and in 2023 we updated it with the most recent information. Both studies confirmed many communities in our region are overdue to update their public infrastructure. Since 2023, state and federal governments have implemented new funding mechanisms to assist communities in need of these improvements. This interest is driven by climate change predictions showing that infrastructure may face stresses beyond its designed capacity. Key utilities, such as waste and stormwater systems and the electrical grid, are at risk. For instance, the region has seen a 10% to 20% decrease in water yield, while more intense rainfall overwhelms smaller areas, exceeding the capacity of stormwater and wastewater systems.



2024 Project Priority List, west central Minnesota communities			
Project Name	Rank	Project Description	Estimated Cost
Osakis	3	Adv trmt - phos, pond improvements	\$12,000,000
Wadena	62	Rehab collection	\$732,400
Pelican Rapids	86	Rehab collection	\$3,955,000
Pelican Rapids	87	Rehab collection(TH59/108)	\$3,800,000
Henning	101	Rehab collection, Inman St	\$1,000,000
Henning	102	Rehab collection, main LS & FM	\$5,700,000
Dumont	114	Rehab collection	\$1,750,000
Elbow Lake	115	Rehab collection & treatment	\$2,000,000
Fergus Falls	119	Rehab collection & treatment	\$40,000,000
Clitherall	120	Unsewered, potential SSTS	\$1,818,000
Glyndon	129	Rehab collection	\$458,000
Tintah	162	Unsewered, connect to Campbell	\$2,700,000
Detroit Lakes	191	Rehab collection, Campbell Ave & Linden Lane	\$1,410,000
Evansville	220	Rehab collection & treatment, LS	\$2,000,000
Foxhome	228	Unsewered, collection and treatment	\$3,700,000
Perham	230	Rehab collection, Main St/CSAH 80	\$8,948,000
Moorhead	238	Rehab collection	\$18,048,080
Frazee	250	Rehab collection, East Main Ave	\$520,000
Barrett	263	Rehab collection	\$2,824,000
Kensington - Stormwater	284	Swale, pond	\$350,000
Perham	290	New mechanical WWTP	\$77,950,500

In 2024, the State of Minnesota partnered with the University of Minnesota to conduct a statewide inventory of lead water pipes, including those that are the responsibility of property owners. The inventory is publicly accessible at <https://maps.umn.edu/LSL/> through Geospatial Information Systems and will be updated as new information becomes available.

Figure 7: Lead Service Line Inventory Map, compiled by the University of Minnesota in contract with the State of Minnesota, is available at <https://maps.umn.edu/LSL/>



Local Progress

West Central Initiative contracted with paleBLUEdot to complete a Climate Action Plan for the region, which highlights the need for infrastructure investment, especially as it relates to clean energy production and aging utility systems. With this plan in hand, West Central Initiative has applied and been approved for funding from the Minnesota Department of Commerce to provide technical support to local government units in applying for funding from state and federal sources in 2024-2026. These efforts are focused on clean energy production and the hardening of utility systems. In addition, West Central Initiative continues to seek out private partners and stakeholders to maximize the impact.

Circular Agriculture

As previously mentioned, West Central Initiative partnered with paleBLUe dot to complete a Climate Action Plan for the region, which highlighted information and strategies related to the region's agriculture sector. The industry can expect extreme weather, shifting climate patterns, and decreased water supply. These have the potential to lead to inconsistent crop yields, price volatility, decreased soil health, and increased erosion. Along with the risk to the industry, this also poses a significant risk to the food system.



Sustainable agriculture practices provide both mitigation and adaptation strategies. Reducing the use of synthetic fertilizers, capturing livestock methane, and adopting technologies that lower dependence on diesel-powered machinery can significantly cut carbon emissions. Techniques like cover cropping, reduced tillage, and precision nutrient management improve soil health and enhance carbon sequestration, helping to reduce atmospheric CO₂. Additionally, organic farming, agroforestry, and regenerative farming promote soil health, biodiversity, and resource conservation, while also lowering emissions. Circular agriculture also emphasizes water conservation through efficient irrigation and drought-tolerant landscaping.

Local Progress

- In partnership with the Sustainable Farming Association, West Central Initiative hosted several forums for small- and mid-sized growers to share resources, provide peer support, and find partnerships and resources that also likely will benefit profitability.
- With stakeholders in Clay, Wilkin, Becker, and Otter Tail Counties and a combination of private and public partnerships, PartnerSHIP 4 Health completed a Regional Food Plan with the assistance of West Central Initiative.
- West Central Initiative created a new loan program, the Good Food Loan Fund, to support new and existing small-scale farmers in the region. West Central Initiative also is seeking local and national partnerships to maximize investments in local food systems.
- West Central Initiative is hosting monthly convenings of Climate Catalysts, a group of regional stakeholders working collaboratively to implement strategies identified in the Climate Action Plan.



Parks, Recreation, and Public Amenities

The Climate Action Plan lists greenspace and trees as an essential component of addressing climate adaptation. Trees and natural ground coverings improve public spaces and serve to bolster regional health, enhance air and water quality, cut down on energy use, and contribute to mitigating some of the potential climate impacts.

Predictions for west central Minnesota indicate rising average temperatures and more volatile weather patterns. Creating public spaces that incorporate features like community storm shelters, power generators, battery storage, and other resilience measures will help build safer, more resilient communities while also enhancing outdoor accessibility.

Public amenities also increase the livability of our communities. Things like public parks, lake shores, pools, libraries, museums, and more can substantially boost residents' physical and mental health. They also serve to attract residents and tourists alike, contributing to the local economy.



Figure 8: Parkers Prairie Pool has a thermal solar array, meaning it creates heat for the pool water. The City of Parkers Prairie is part of West Central Initiative's Municipal Solar Cohort, exploring additional solar installation to supplement the electricity that runs the water pumps.

Local Progress

West Central Initiative is proud to host over 250 component funds, many of whom are focused on the creation and preservation of community amenities, including libraries, pools, community centers, and outdoor spaces. Locally, these groups have raised more than one million dollars in the last year.

Equity



Investing in programs that serve low- to moderate-income households strengthens the entire economy. Equity investments not only fulfill our responsibility to neighbors and regional residents but also boost the success of our 7,389 businesses by ensuring the workforce has access to sufficient housing and child care.

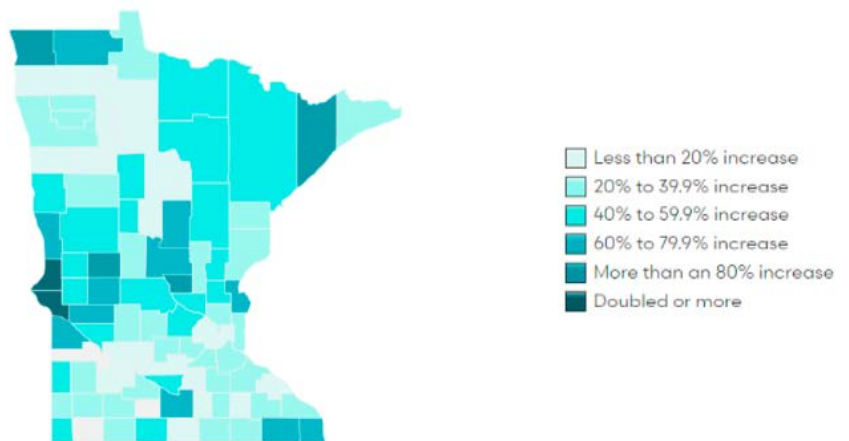
Our region displays stark racial and ethnic inequities. Data comparing non-Hispanic White residents to people of color reveals significant disparities across all metrics. People of color, as compared to their white counterparts, experience lower academic performance among children, higher rates of elderly without health insurance, lower homeownership, and higher levels of poverty. This data implies that our region must take great strides in addressing the systems keeping racial inequities in place.

For detailed data on racial disparities, visit <https://www.mncompass.org/topics/demographics/race-ethnicity>

Percent change in the Diversity Index, 2010-2020

How has the probability changed for two people selected at random being from different racial and ethnic groups?

As the population data shows, west central Minnesota is becoming more racially and ethnically diverse. To continue to grow, communities must be welcoming and offer a high quality of life to residents no matter their racial/ethnic identity.



Local Progress

- Since 2022, West Central Initiative has partnered with Welcoming America to help communities host Welcoming Week events. In 2024, organizations across all nine counties joined in with their own celebrations. We believe that communities embracing neighborliness attract and retain people from diverse backgrounds.
- Diverse leadership and perspectives strengthen the region. In 2023, West Central Initiative launched its Rural Democracy and Rural Belonging programs, empowering neighbors, especially those from historically marginalized groups, to engage in local government, support nonprofits, and run for local office.

Conclusion

The 2025 CEDS Update highlights demographic changes and showcases progress made toward achieving the CEDS goals across the region. After reviewing data trends, gathering feedback from stakeholders, and holding discussions with local governments, it was determined that the current priorities remain on track. West Central Initiative and its partners will continue focusing on the existing priority areas outlined in the current CEDS, and continue on the efforts listed in each Local Progress segment.

The new five-year CEDS process is now underway, bringing opportunities for in-depth engagement and conversations across the region as West Central Initiative creates the next plan. The updated CEDS will take effect in January 2027.

