



COMMONWEALTH of VIRGINIA

Office of the Governor

Abigail D. Spanberger
Governor

September 9, 2026

The Honorable L. Louise Lucas
Chair
Senate Committee on Finance and Appropriations
Senate of Virginia

The Honorable Vivian E. Watts
Chair
House Committee on Finance
Virginia House of Delegates

The Honorable Luke E. Torian
Chair
House Committee on Appropriations
Virginia House of Delegates

Dear Chairs Lucas, Watts, and Torian:

As required by § 3.2-309 of the Code of Virginia, enclosed is the biannual report for the Governor's Agriculture and Forestry Industries Development (AFID) fund covering January 1, 2026, through June 30, 2026, to the Chairmen of the House Committees on Appropriations and Finance and the Senate Committee on Finance and Appropriations. The report includes summaries on all new projects awarded AFID Facility, Planning, and Infrastructure grants. Information and updates on previously awarded projects are available by request.

Should you have any questions regarding this submission, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Abigail D. Spanberger".

Abigail D. Spanberger

OFFICE OF AGRICULTURE AND FORESTRY DEVELOPMENT

Agriculture and Forestry Industries Development (AFID) Fund Program Summary

The Office of Agriculture and Forestry Development (OAFD) provides economic development assistance and resources to businesses and localities across the Commonwealth involved in food, forestry, agriculture, and aquaculture. One of the primary responsibilities of the OAFD is to administer the AFID Fund, which consists of four grant programs: the AFID Facility Grant; AFID Planning Grant; AFID Infrastructure Grant; and AFID Blue Catfish Processing, Flash Freezing, and Infrastructure Grant.

The AFID program is a critical economic development tool for supporting new and expanding agriculture- and forestry-based businesses, oftentimes supporting small businesses that would not otherwise qualify for state discretionary incentives.

AFID Facility Grant Program

The AFID Facility Grant is a discretionary, performance-based economic development incentive specifically for agriculture and forestry value-added or processing projects. Facility Grants are awarded to political subdivisions for the benefit of the company, with the expectation that the grant is critical to the success of the new or expanding company and will result in the creation of new jobs, new investment, and the purchase of Virginia-grown agriculture and forestry products to which the company is adding value.

As of June 30, 2026, there have been 139 active or completed AFID Facility Grants successfully awarded since the inception of the program, supporting a variety of agriculture- and forestry-based economic development projects across 71 unique Virginia localities. These projects, which total more than \$13.8 million in AFID grant funds awarded, represent over \$1.856 billion in new capital investment, the creation of 4,653 new jobs, and over \$1.645 billion in new Virginia-grown agriculture and forestry purchases. These agribusinesses have, on average, committed to purchase approximately 80 percent of the agricultural and forestry products needed to meet their new value-added processing requirements from Virginia farms and forestland owners.

For the second half of fiscal year (FY) 2026, a total of \$500,000 was committed in AFID Facility Grant funds to assist one expansion project in the Commonwealth, which represents the commitment of more than \$113.8 million in new capital investment, 138 new jobs*, and nearly \$32 million in new Virginia-grown agriculture purchases. This company committed to purchase from Virginia producers an average of 54 percent of the agricultural and forestal products necessary to meet its new value-added processing targets. A summary of this project is listed below.

AFID Facility Grant Projects Announced for the period January – June 2026:

Virginia Poultry Growers Cooperative (VPGC) Expansion of existing poultry company	
Location	Rockingham County

Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$500,000 AFID – building improvements \$1,000,000 Virginia Investment Performance (VIP) Grant - building improvements \$750,000 Rail Industrial Access Program – site improvements
Other funds from the political subdivision	\$1,500,000 in local matching funds – building improvements
New jobs	138*
New investment	\$113,878,123
Minimum purchase Virginia-grown products	\$31,998,834 (or 4.5 million head of poultry, 1,573,299 bushels of corn, and 882,258 bushels of wheat)
Projected impact on agricultural and forestal producers	This project supports the growth of Virginia's poultry and grain industries
Timetable for project completion	FY 2027 - 2029
Prevailing average wage in locality	\$57,691
Average wage of project	\$36,686
Break Even	3 rd year, 3 rd quarter

**It is important to note that the project was announced with 146 new jobs. However, at the time of the announcement, the company had already hired eight of those positions. Thus, only 138 positions are recognized by AFID since the program does not allow a company to retroactively count achievements toward metric commitments.*

AFID Planning Grant Program

The AFID Planning Grant offers reimbursable grants of up to \$20,000 (single locality application) or \$35,000 (multi-locality application) in partnership with local governments to promote or support agriculture and forestry through activities such as the development of strategic plans, feasibility studies, business and marketing plans, local ordinances, policies or programs for the preservation of working lands, and local plans or initiatives supporting agriculture- or forestry-based businesses and the funding of innovative entrepreneurship and business development efforts.

Since the inception of the AFID Planning Grant program, \$1.3 million has been awarded to 64 active or completed projects, directly impacting 67 unique localities. Of the funded projects, 53 (approximately 83 percent) have successfully completed the grant.

Two new AFID Planning Grant projects were announced during the second half of FY 2026, with an award totaling \$48,949. A summary of these projects is listed below.

AFID Planning Grant Projects Announced for the period January – June 2026:

Planning Grant for Reinvigorating the Purely Piedmont Regional Marketing Program	
Location	Rappahannock Rapidan Regional Commission

Grant amount and objective	\$34,949 - Market the region's locally-grown food and beverages, local food promotion to raise consumer awareness, and assist time and cash-strapped producers
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Planning Grant for the Waynesboro Commercial Kitchen Feasibility Study	
Location	City of Waynesboro
Grant amount and objective	\$14,000 - Increase local business demand and entrepreneurial activity for local agricultural producers

AFID Infrastructure Grant Program

The AFID Infrastructure Grant offers reimbursable grants of up to \$50,000 to political subdivisions to fund community infrastructure development projects that support local food production and sustainable agriculture. Since the inception of the AFID Infrastructure Grant program in 2021, \$2,376,746.45 has been awarded to 82 active or completed projects, directly impacting 56 unique localities.

The spring 2026 grant round opened on March 16, 2026, with applications due by April 30, 2026. Staff received 19 applications from 13 different localities, with a total request of \$770,183.25. Of the 19 applications received, 14 were recommended for funding totaling \$507,522.00. These 14 projects were recommended for approval at the end of this reporting cycle and are expected to be announced by the end of August 2026.

AFID Blue Catfish Processing, Flash Freezing, and Infrastructure Grant Program

The AFID Blue Catfish Processing, Flash Freezing, and Infrastructure Grant Fund was established by legislation enacted during the 2023 Session of the General Assembly authorizing the Governor to award grants from the Fund to encourage efforts by political subdivisions to support the processing, flash freezing, and infrastructure of invasive blue catfish species. Any funds awarded by the Governor must be awarded as reimbursable grants of no more than \$250,000 per grant to political subdivisions to support blue catfish processing, flash freezing, and infrastructure projects.

On March 27, 2026, the City of Suffolk and Wanchese Fish Company was awarded \$248,000 through the Governor's Blue Catfish Processing, Flash Freezing, and Infrastructure Grant Program to expand production capabilities at Wanchese Fish Company's Suffolk facility. The grant will support Virginia's seafood industry as the company invests in advanced automation equipment to increase production capacity of retail-packed blue catfish products.

Wanchese Fish Company purchased approximately 1 million pounds of blue catfish in 2025 from local fishermen. With increased processing capacity, purchasing volumes are projected to grow to around five million pounds annually over the next five years. The company expects the

increased volume to create 10 to 15 additional jobs between its Newport News and Suffolk facilities.

Future Trends

The AFID program is receiving strong interest from a wide variety of businesses representing forestry products, controlled environment agriculture (CEA), specialty foods and dairy manufacturing, aquaculture, and meat processing. Food and meat processing continue to have strong interest, with projects spanning from small local producers to large industry leaders. Forestry continues to experience a steady flow of new activity, with project leads representing a variety of operations to include sawmills, a paper mill, and flooring manufacturing. Leads for the craft beverage industry have slowed over the last several months. However, staff is seeing a noticeable increase in leads for the aquaculture industry.

Agricultural technology companies continue to show strong interest in the AFID program. However, these companies currently do not meet the program requirement of being a “processing or value-added facility using Virginia-grown products.” To expand AFID eligibility to the growing ag-tech sector, legislative action would be required to amend the Governor’s Agriculture and Forestry Industries Development Fund Law (Chapter 3.1 of Title 3.2 of the Code of Virginia) (Va. Code § 3.2-303 et seq.).

The AFID Facility Grant project pipeline currently has 13 active projects across 13 unique localities in addition to several strong leads expected to become active projects in the coming weeks. These 13 projects, which span agriculture and food processing, CEA, forestry, meat processing, and craft beverage industries, represent the potential for nearly \$1 billion in new capital investment, the creation of more than 700 new jobs, and commitments to purchase over \$220 million Virginia-grown agriculture and forestry products. If awarded, these projects could represent more than \$2.3 million in AFID funds.

Notably, these 13 prospective projects represent over half of the \$1.856 billion in total capital investment generated across all 139 AFID awards since the program’s inception. This significant shift is driven by a surge in project scale, with the average capital investment per project rising from a historical average of \$13.3 million to nearly \$76 million. Staff attributes this growth to heightened program awareness across the Commonwealth and stronger joint recruitment efforts between the Virginia Department of Agriculture and Consumer Services and the Virginia Economic Development Partnership.

Industry	Purpose	Capital Expenditure	New Jobs	Virginia Grown	Percent VA Grown
Forestry	Location of new mill operation	\$7,400,000	74	\$51,258,627	80%
Craft Beverage	Location of new farm winery	\$391,238	5	\$114,300	89%

CEA	Expansion of indoor grower	\$25,137,246	21	\$19,303,704	100%
Forestry	Expansion of timber mill	\$300,000,000	72	\$14,429,000	100%
Grains	Expansion of grain mill	\$47,000,000	3	\$9,150,000	57%
Forestry	Expansion of existing mill	\$600,000	6	\$3,288,390	100%
Forestry	Expansion of wood products manufacturer	\$2,556,000	10	\$5,805,313	70%
CEA	Expansion of indoor grower	\$2,101,746	21	\$8,888,889	100%
Meat Processor	Location of new meat processing operation	\$1,212,000	15	\$1,194,000	90%
CEA	Expansion of indoor grower	\$293,813,105	180	\$107,500,000	100%
Forestry	Expansion of wood flooring manufacturer	\$6,900,000	0	Metrics under development	Metrics under development
Craft Beverage	Expansion of craft distillery	\$326,098	5	Metrics under development	Metrics under development
Specialty Foods	Expansion of specialty foods manufacturer	\$300,000,000	300	Metrics under development	Metrics under Development

Conclusion

While the Commonwealth's first ever Farm and Forest Prosperity Plan is still under development, the AFID program will be a key economic development tool for implementing the strategic focus areas of the Plan. The AFID program supports new and expanding agriculture- and forestry-based businesses of all sizes across the Commonwealth as well as community infrastructure projects, the development of feasibility studies and strategic plans, innovative entrepreneurship, and business development efforts for Virginia's agriculture and forestry industries. Through Facility, Infrastructure, and Planning Grants, the program helps communities attract and expand value-added businesses, strengthen local infrastructure, develop new supply chains, and empower local producers. By leveraging local partnerships and matching funds, AFID maximizes public resources to create jobs, drives private investment, expands demand for Virginia-grown products, and build long-term economic resilience across the Commonwealth.