Laurel Gateway Feasibility Analysis

Development Feasibility for the Former VFW Site • Route 91 / Mountain City Road

Prepared for the Town of Damascus & Washington County, Virginia

RKG Associates • July 2026

Executive Summary

A market analysis narrowed four candidate uses to two — outdoor recreation and single-family residential — which this report then tests for feasibility

OUTDOOR RECREATION

A phased 81-cabin, 77-tent, 27-RV resort. Clears the 15% developer hurdle and supports the most land value of any use, but it is an operating business with seasonal, occupancy-driven revenue.

SINGLE-FAMILY HOUSING

~30 detached for-sale homes. Barely breaks even on free land, but creates a lasting county property-tax base and costs the least to make buildable.

1	**The market ruled out industry and retail**	Declining population weakens local-demand uses; industrial is isolated from I-81, retail is at equilibrium. The opportunity is capturing overnight visitors.
2	**Recreation offers the higher ceiling**	It supports more land value than housing across every occupancy case tested — its low case ($1.1M) exceeds housing's high case ($875K).
3	**Housing offers stability, not profit**	For-sale homes support $405K in land value at mid pricing; the case is stronger framed around workforce need and gap financing than market-rate sales.
4	**Site work consumes the land value**	Making the site buildable costs roughly $2.1M (housing) to $5.1M (full recreation) — exceeding or nearly exhausting the land value either use supports.

The bottom line for the Town and County. Neither use funds its own site preparation from land value alone. A viable path depends on outside infrastructure funding — above all, extending public sewer to the site.

The key next step is therefore to pursue infrastructure grant funding — the programs and fit are detailed in the conclusion.

Source: RKG pro forma and market analysis; Hurt & Proffitt site-cost estimates (June 2026).

What This Analysis Covers

01

Market Analysis

Economic base and current market conditions that determine local demand

02

Physical Site Analysis

Terrain, floodplain, access, and the infrastructure that shapes what can be built

03

Development Program

Two tested programs — an outdoor recreation / camping resort and a single-family residential alternative

04

Feasibility Discussion

Returns, cash flow, and the land-and-infrastructure economics that separate the two programs

05

Conclusion

A recommended direction and the open items still to be resolved

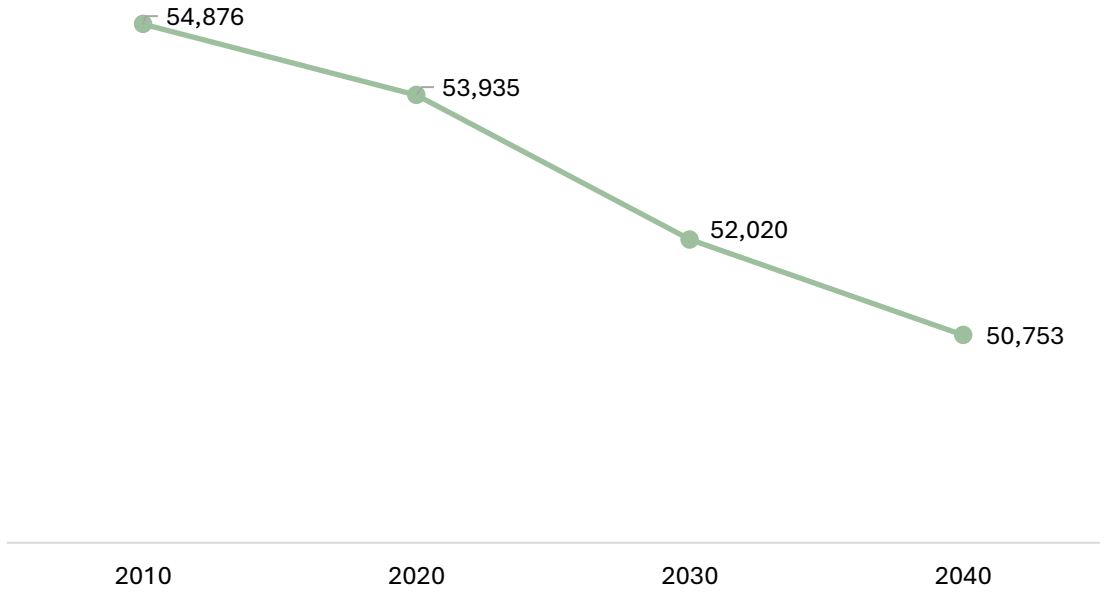
01

Market Analysis

Population Trends

- Washington County lost nearly a thousand residents from 2010 to 2020 and is **projected to lose an additional three thousand residents** by 2040.
- A shrinking population base **reduces demand for new housing units**, weakening the financial case for large-scale residential development at the Laurel Gateway site.
- Declining population also signals a **contracting local workforce**, making it more difficult to attract and sustain industrial or manufacturing tenants that depend on labor availability
- These demographic headwinds reinforce the **need for development concepts that draw visitors** and spending from outside the county — such as outdoor recreation, trail-oriented hospitality, or mixed-use tourism amenities — rather than relying solely on local demand

Population Growth, Washington County, VA, 2010-2040

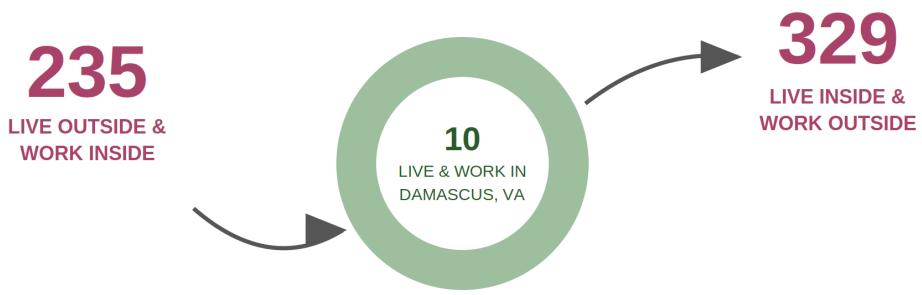


Source: RKG analysis of Census data and Weldon Cooper projections

Commuting Patterns

- Damascus's labor shed is quite small — **only 245 jobs exist within the town and just 10 workers both live and work there**, confirming that the local economy operates almost entirely through commuting flows rather than a self-contained employment base.
- **Washington County dominates both directions** — 46% of workers commuting into Damascus come from Washington County, and 53% of Damascus residents who work elsewhere commute to Washington County, firmly establishing it as the primary labor shed for any future development on the site.
- Cross-border commuting to Tennessee is modest but present, with **Johnson County and Sullivan County together accounting for roughly 10% of both inbound and outbound flows**, suggesting a secondary regional labor pool that could be drawn upon for the right type of development.

Commuting Inflow/Outflow, Damascus, VA, 2023



Inbound and Outbound Commuters, Damascus, VA, 2023

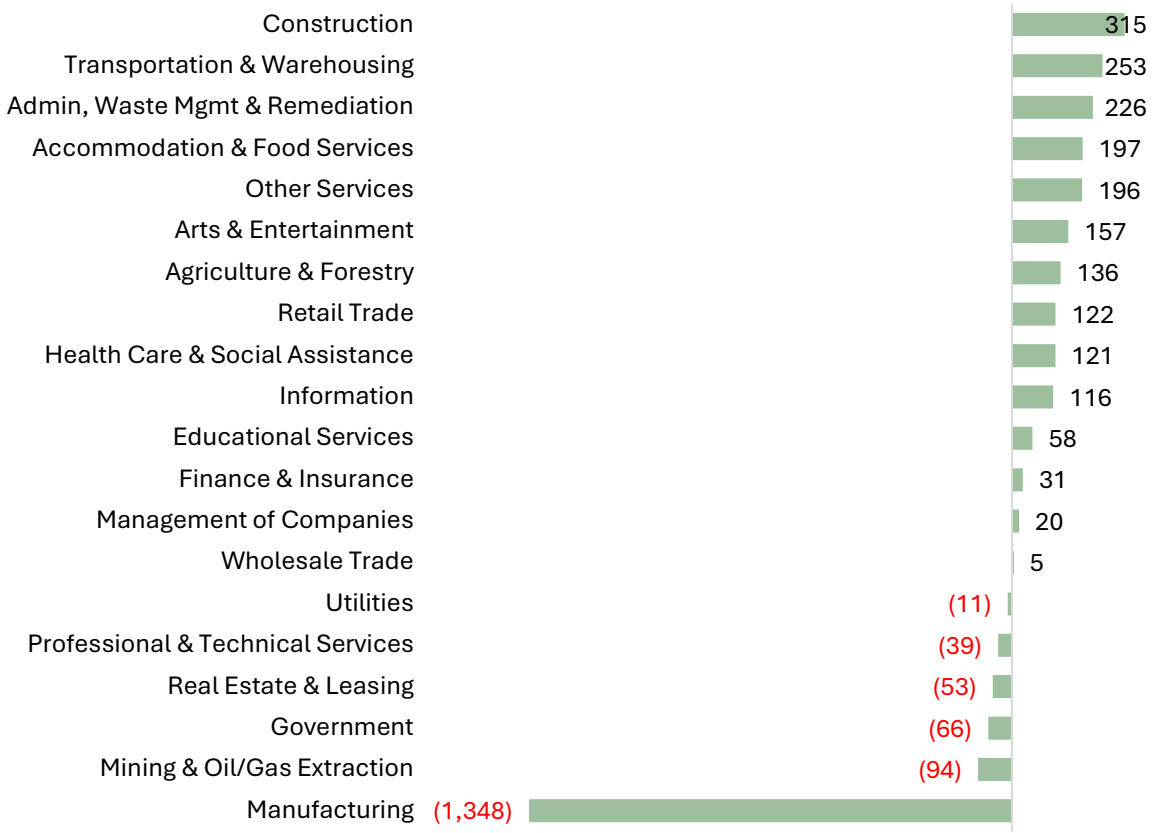
County	Count of Inbound Commuters	Share	County	Count of Outbound Commuters	Share
Washington County VA	113	46.1%	Washington County VA	179	52.8%
Smyth County VA	18	7.3%	Bristol City VA	32	9.4%
Johnson County TN	14	5.7%	Sullivan County TN	23	6.8%
Sullivan County TN	12	4.9%	Smyth County VA	18	5.3%
Wise County VA	11	4.5%	Johnson County TN	9	2.7%
Lee County VA	9	3.7%	Wythe County VA	7	2.1%
Russell County VA	8	3.3%	Dickenson County VA	5	1.5%
Bristol City VA	6	2.4%	Washington County TN	5	1.5%
Buchanan County VA	6	2.4%	Fairfax County VA	4	1.2%
Tazewell County VA	5	2.0%	Roanoke City VA	4	1.2%
All Other Locations	43	17.6%	All Other Locations	53	15.6%

Source: RKG analysis of Census OnTheMap data

Employment Growth by Sector

- Manufacturing has been the dominant story of job loss in Washington County, shedding 1,348 positions between 2015 and 2025 — far exceeding losses in any other sector.
- Growth sectors are concentrated in construction, transportation & warehousing, and accommodation & food services, suggesting the county's economy is shifting toward logistics and visitor-serving employment rather than goods production.
- Arts & entertainment and accommodation & food services together added 354 jobs over the period, underscoring the growing role of the outdoor recreation and tourism economy

Employment Growth by Sector, Washington County, VA, 2015-2025



Source: RKG analysis of Lightcast data

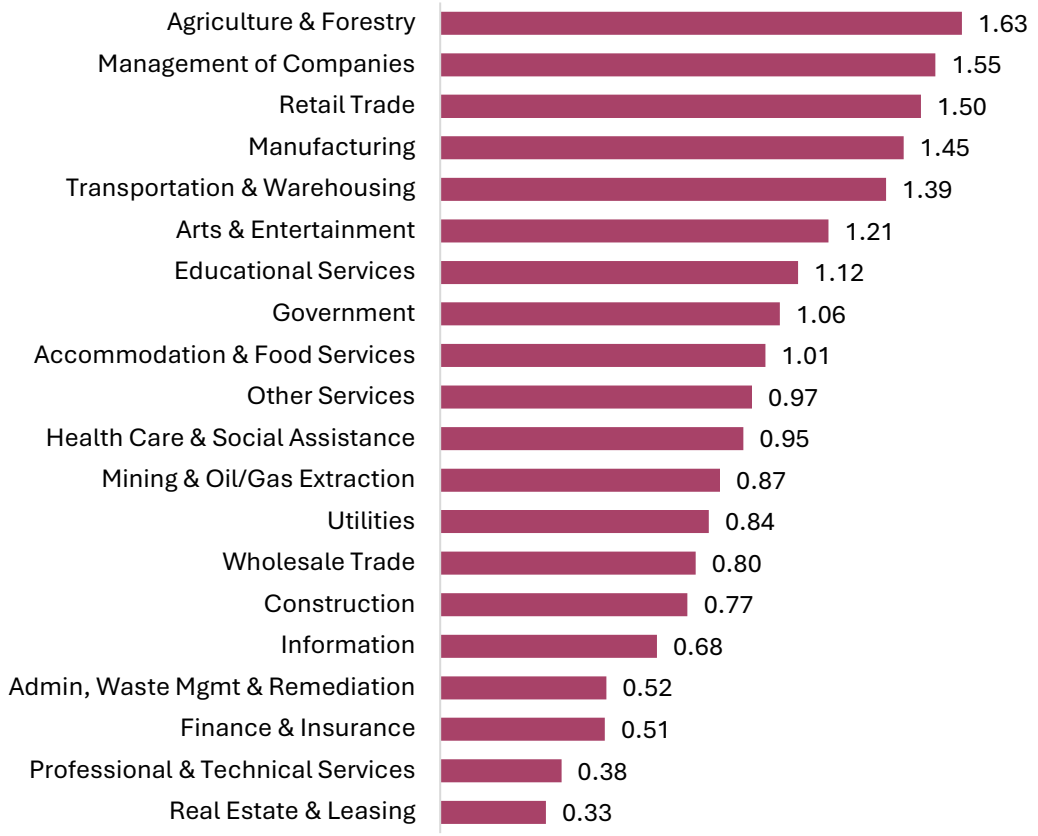
DEVELOPMENT IMPLICATION

Washington County's employment mix is transitioning away from manufacturing and extraction industries to a service industry focus, which makes it unclear whether it can support large-scale industrial developments.

Location Quotient

- Washington County's economy is more concentrated than the national average in agriculture & forestry (LQ 1.63), retail trade (1.50), manufacturing (1.45), and transportation & warehousing (1.39), reflecting a traditional rural economic base.
- Manufacturing's 1.45 LQ is notable—despite shedding jobs over the past decade, manufacturing remains more concentrated in Washington County than nationally, indicating it remains integral to the local economy.
- Accommodation & food services sits at the national average (1.01), suggesting that despite Damascus's trail town identity, the county has not fully capitalized on its outdoor recreation assets to develop a hospitality economy that meaningfully outpaces national norms.

Employment Concentration Relative to the Nation by Sector, Washington County, VA, 2025

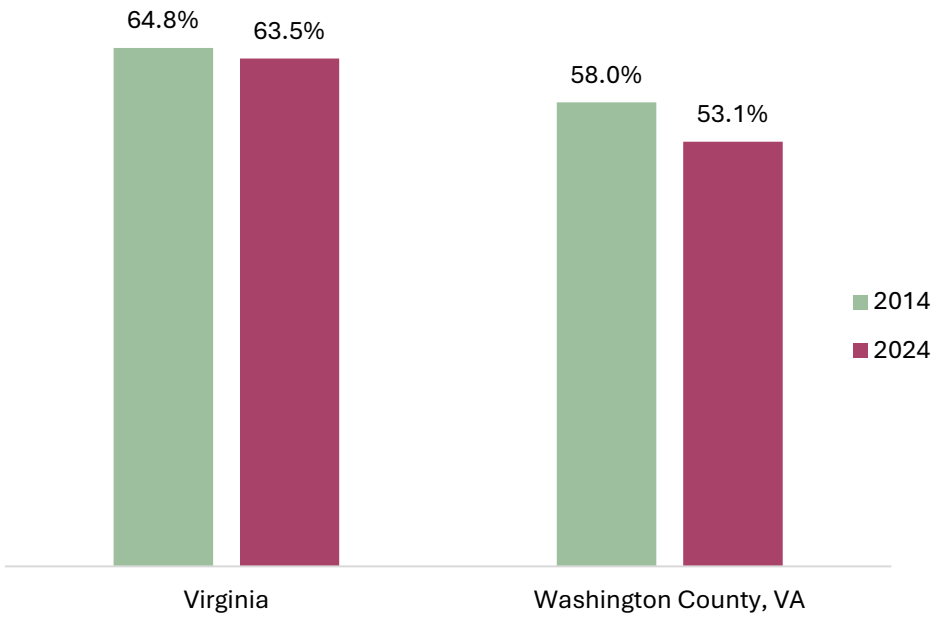


Source: RKG analysis of Lightcast data

Unemployment Rate and Labor Force Participation

- Washington County's labor force participation rate fell to 53.1% in 2024, nearly 10 points below Virginia's 63.5% — meaning roughly one in six working-age residents who participated in the labor force a decade ago no longer does today.
- The wage structure of Washington County's most actively recruiting sectors helps explain the participation decline — the two highest-volume job categories, retail and accommodation & food services, carry median advertised salaries of just $41,600 and $29,056, respectively.
- While Virginia's participation rate declined modestly (-1.3 points), Washington County's steeper 4.9-point drop signals a structural withdrawal from the workforce rather than normal demographic aging.

Labor Force Participation Rates, Washington Count, VA, 2014 and 2024



Source: RKG analysis of American Community Survey data, 5-year estimates

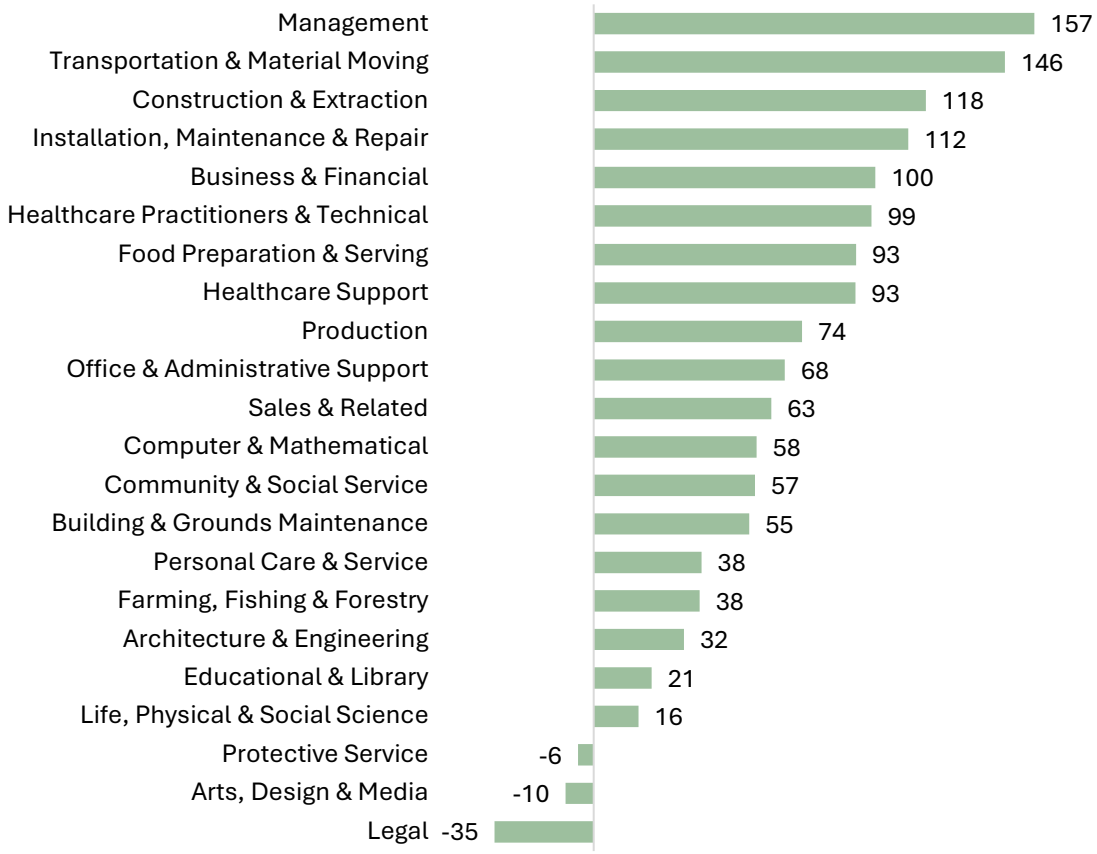
DEVELOPMENT IMPLICATION

Development that creates year-round employment could help re-engage workers who have left the labor force, but employment-intensive concepts requiring a large or specialized workforce may face a constrained labor supply.

Employment Trends by Occupation

- Management (157), transportation & material moving (146), and construction & extraction (118) lead projected growth, reinforcing the sector-level finding that logistics and construction are the county's most dynamic near-term employment generators.
- Healthcare practitioners and healthcare support together project nearly 200 new positions, consistent with the sector data and reflecting an aging population.
- Food preparation & serving (93) projects solid growth, aligned with the accommodation & food services sector gains and the continued expansion of the trail tourism economy.
- Notably, farming, fishing & forestry (38) show relatively modest growth, suggesting the county's economic identity is shifting away from its agricultural and extractive roots even as its rural character remains.

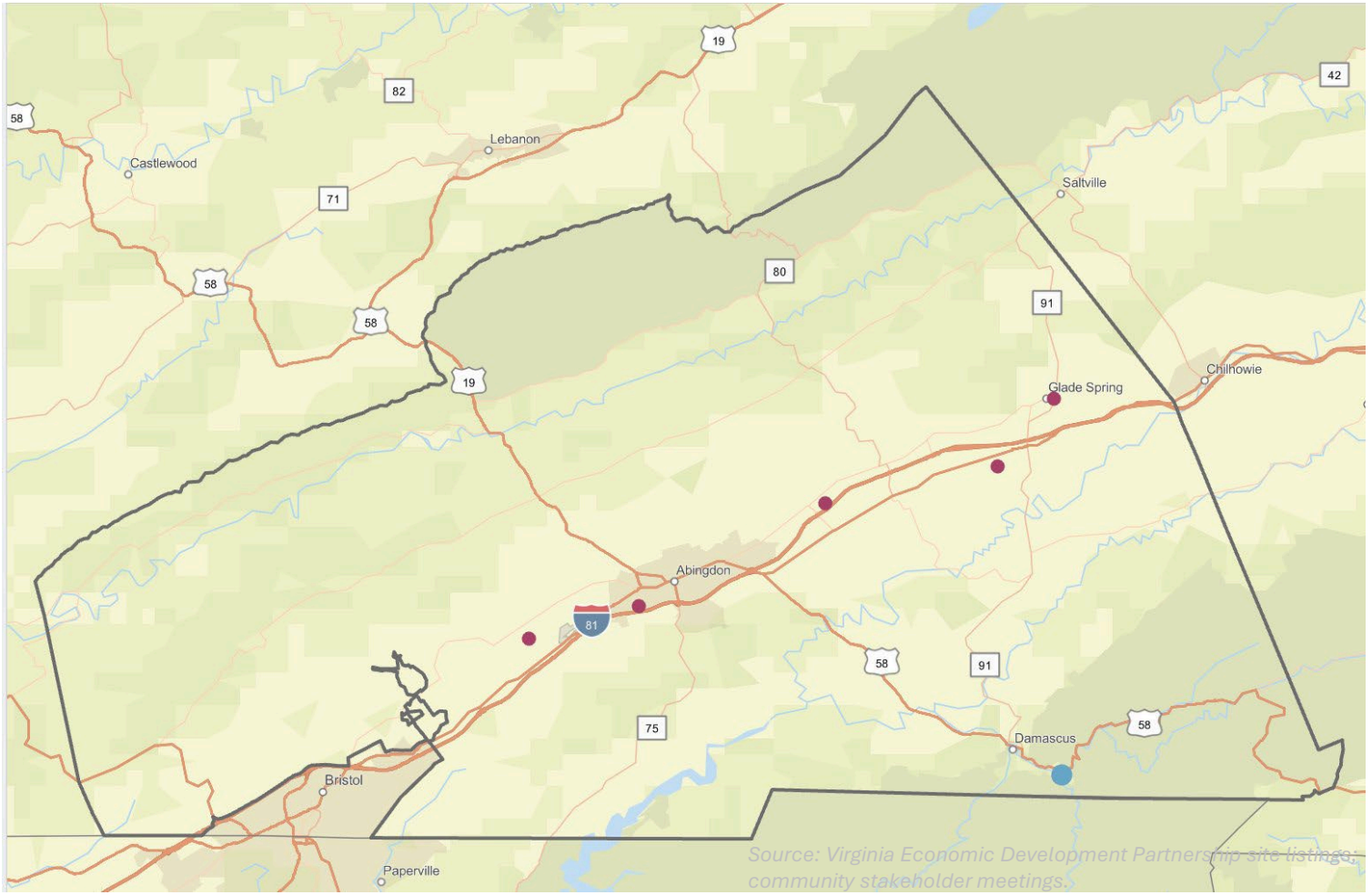
Projected Job Change by Occupation, Washington County, VA, 2025-2035



Source: RKG analysis of Lightcast data

Industrial Market Analysis

Washington County, Virginia



Washington County Boundary Available Industrial Sites Laurel Gateway Site (Damascus)

Key Findings

Poor Industrial Proximity

All available Washington County industrial sites are clustered directly off I-81 — the region's primary freight and logistics corridor.

Damascus is Isolated

The Laurel Gateway site sits ~13 miles from the nearest I-81 interchange via a two-lane, winding road that traverses downtown Damascus — unsuitable for truck traffic or industrial logistics.

Infrastructure Gap

The site currently lacks sewer infrastructure — adding further cost and complexity to any industrial development scenario.

Not Competitive for Industry

Industrial developers likely will not choose a remote site with limited infrastructure when flat, serviced land is available minutes from the interstate.

Implication

Industrial use is not a viable development option for this site. Market viability stronger for recreation, lodging, and mixed-use concepts aligned with Damascus's identity as Trail Town USA.

Retail Market Analysis

15-Minute Drive Time Trade Area | ESRI Business Analyst 2025 | Demand converted to square footage at category-standard PSF benchmarks

	TRADE AREA DEMAND	SUPPORTABLE SPACE	EQUIVALENT ESTABLISHMENTS	EXISTING SUPPLY	VERDICT
Sporting Goods & Outdoor *NAICS 4511*	$464K *@ $250/SF*	~1,860 SF	**1 small shop**	2 gear stores + bike rentals + outdoor clothing shops	SURPLUS
Restaurants & Eating Places *NAICS 7225*	$4.86M *@ $275/SF*	~17,700 SF	**7–9 restaurants (@ 2,000 SF avg)**	~8 restaurants in and around Damascus	EQUILIBRIUM
Drinking Establishments *NAICS 7224*	$114K *@ $200/SF*	~570 SF	**< 1 viable bar (@ 1,000 SF min)**	2 bars (also serving food) already operating	AT CAPACITY

DEVELOPMENT IMPLICATION

Damascus's retail and food service market is at equilibrium or surplus across all three categories — meaning Laurel Gateway cannot support new retail uses without cannibalizing existing businesses. The path to new economic activity runs through generating new overnight visitors, not adding more square footage competing for the same spending pool.

Retail Market Analysis

✗

Retail & Restaurants Are Already Served

Demand in the 15-minute trade area supports one small outdoor shop, 7–9 restaurants, and less than one bar. Damascus already has all of these. Additional retail at Laurel Gateway would compete for the same spending, not expand the total market.

→

The Real Gap Is Overnight Visitors

Per the 2026 Virginia Tech Creeper Trail study, overnight visitors generate 5× the economic impact of day-trippers. In 2023, the trail attracted 112,600 visitors — but the vast majority left the same day. Damascus cannot capture their full economic potential without more places to sleep.

✓

Accommodations & Housing Create New Demand

Lodging and workforce housing generate spending that is additive to the existing retail base — not competitive with it. A trail-oriented cabin/hospitality development at Laurel Gateway would give existing restaurants and shops the year-round customer base they currently lack.

DEVELOPMENT IMPLICATION

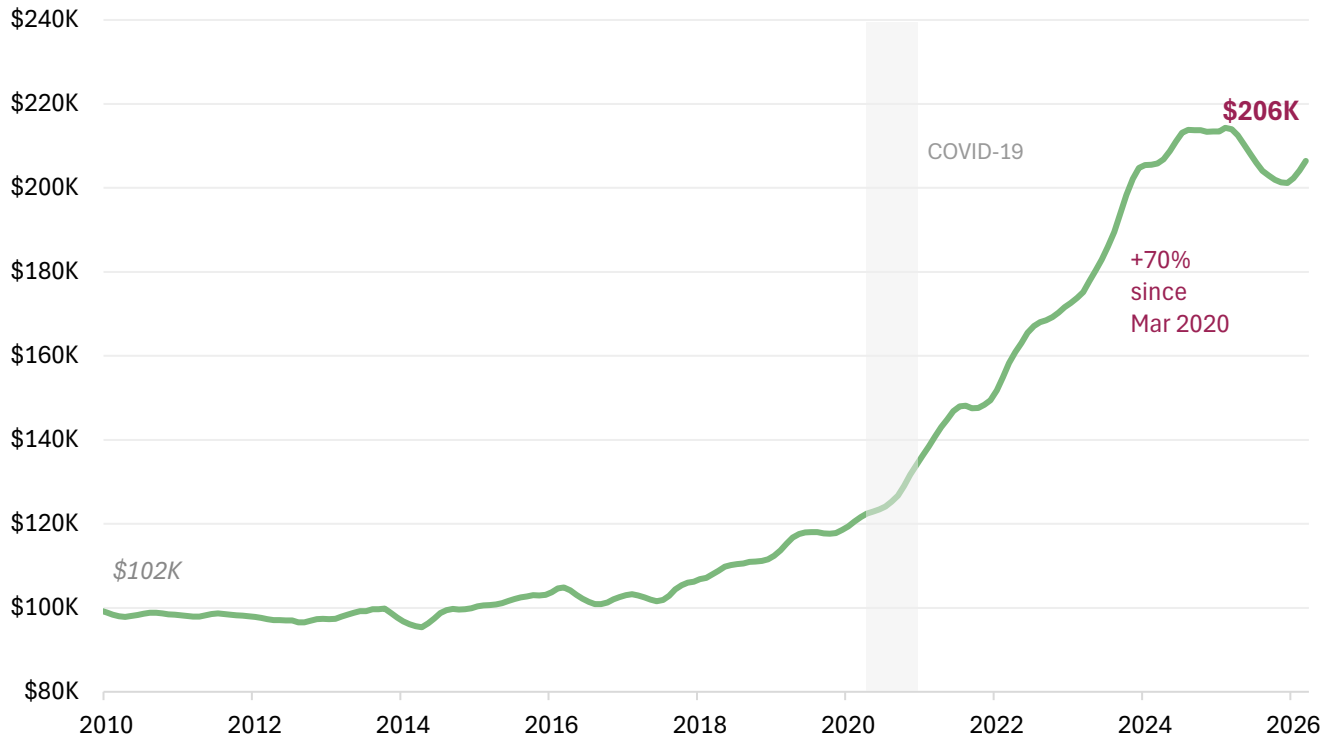
“What we already have is places to eat and rent bikes. What we don’t have is enough places to sleep.”

— RKG Associates analysis; Virginia Tech Center for Economic and Community Engagement, Economic Impact of the Virginia Creeper Trail (2026)

Residential Market Analysis

- Damascus **home values increased 70%** since 2020 — outpacing Virginia (+49%) and Washington County (+67%).
- Only 7 Damascus homes were listed for sale at the time of the analysis. Days on market ranged from **21 to 630 days**, and price-per-square-foot varied from **$128 to $586**.
- Speculation from owners adversely impacting opportunities for workforce and permanent residents seeking options in the county.

Zillow Home Value Index, Damascus, VA, March 2009-March 2026



DEVELOPMENT IMPLICATION

Damascus is transitioning from a working-class trail town to an emerging amenity community — a dynamic that compresses the long-term rental market, cost burdens local workers, and creates unmet demand for workforce housing that the Laurel Gateway site could potentially address.

Source: RKG analysis of Zillow data

Residential Market Analysis

- More than one in four Washington County renters are cost-burdened — **workforce affordability** is a **regional challenge**, not a Damascus-specific problem.
- Median home values are **$255,766 countywide**, meaning moving to the next town over does not solve the affordability gap for lower-wage workers.
- Accommodation & food services ($26,958/yr), one of Washington County's fastest growing sectors, supports a **maximum affordable purchase price of roughly $70,000**, well below any market in the region.
- Damascus sits within commuting range of Bristol and Abingdon, so workers don't need to live in town to staff local businesses — but **no nearby market offers genuinely affordable options**.

Maximum Affordable Home Price vs. Damascus Median ($206K)

Retail Worker	Food Service Worker	Median Renter Household
Annual income: $42,497/yr	Annual income: $26,958/yr	Annual income: $43,667/yr
Max affordable home: **~$140,000**	Max affordable home: **~$80,000**	Max affordable home: **~$145,000**

▲ Damascus median home value: $206K — unaffordable for most local wage earners without subsidy

FINANCING ADVANTAGE: WORKFORCE HOUSING

Workforce units qualify for VHDA LIHTC, USDA RD 515 rural rental financing, and Virginia Housing's Mixed-Income program — gap financing sources unavailable for market-rate product.

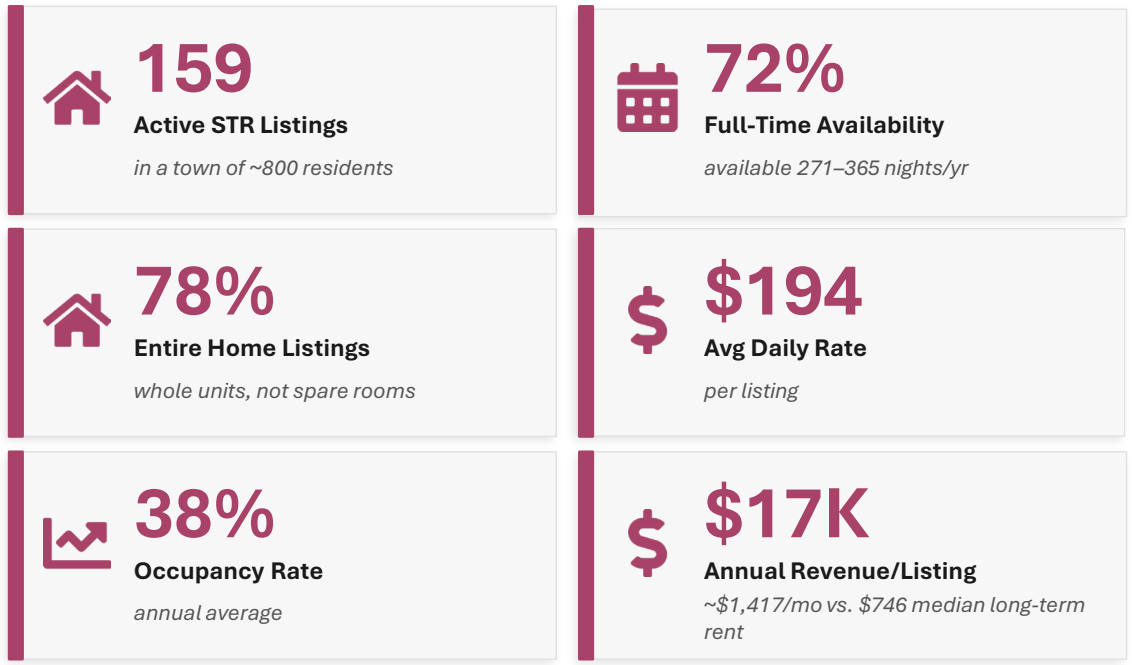
DEVELOPMENT IMPLICATION

Workforce housing has a more defensible demand case than market-rate: local wages cannot support $206K homes, cost-burden is widespread, and workforce units qualify for gap financing market-rate cannot access. Market-rate housing is viable in principle but risks STR conversion — undermining its community benefit. Both types hinge on the cost of sewer extension.

Short-Term Rental Market Analysis

- Damascus has 159 active STR listings for a population of ~800 — roughly one listing per five residents.
- 72% are available year-round and 78% are entire homes, meaning whole housing units have been permanently redirected to tourist accommodation.
- STR income of ~$1,417/month is nearly double the Damascus median gross rent of $746 — giving property owners a strong financial incentive to keep units out of the long-term rental market, directly constraining housing supply for local workers.
- Listings grew from ~100 in January to ~195 in December, suggesting the market is still expanding.

Key Stats, Short-Term Rental Market, Damascus, VA, 2026



DEVELOPMENT IMPLICATION

The STR market validates strong lodging demand and points to a cabin/outdoor hospitality typology on the Laurel Gateway site.

However, converting housing stock to STRs deepens the workforce housing shortage — strengthening the case for a residential component.

Source: RKG analysis of AirDNA, data accessed May 2026

Camping Market Analysis

Known camping facilities within a 60-minute drive of Damascus, VA | Recreation.gov, The Dyrt, Hipcamp, VA State Parks

30+
Campgrounds

25+
RV Parks

300+
VRBO/Airbnb listings

150-200 sites
Currently closed

MINIMUM YEAR-ROUND SUPPLY

Most campgrounds are seasonal

Most public camping facilities operate seasonally, typically closing between November and March. Some private facilities, like Laurel Creek RV Park, are year-round.

PREMIUM SUPPLY

Scattered throughout the county

Hundreds of cabins are available through Airbnb, Vrbo, or private ownership, suggesting strong underlying overnight visitor demand, but supply is fragmented and informally managed rather than purpose-built hospitality infrastructure

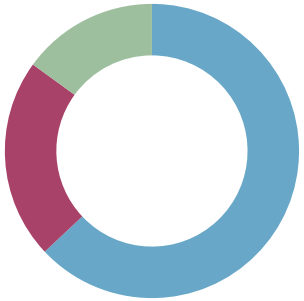
~196 SITES CURRENTLY OFFLINE

Supply is sensitive to environmental shocks and age

Hickory Ridge (72 sites) closed for renovation; Jacobs Creek (29) closed post-Helene; Grindstone partial closure.

Campground facilities by ownership and facility type

By ownership



- Private (~35)
- Federal (~11)
- State / county (~4)

By facility type

- Campgrounds (~28)
- RV parks (~22)

Camping Market Analysis

Federal reservable campsites within ~60-minute drive of Damascus, VA | Recreation.gov FY2023

6,303
Total reservations
FY2023 across 10 facilities

17,838
Total nights booked
Avg 2.5 nights per stay

27%
Peak utilization
Share of sites booked in June

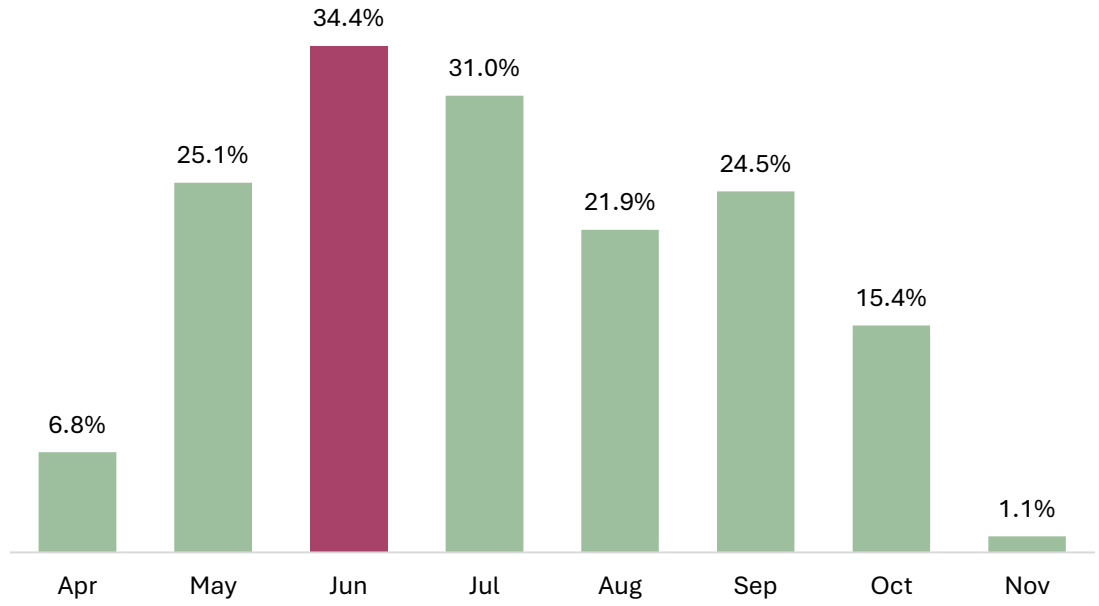
96,000
Overnight visitors
Generated by Creeper Trail

Some facilities have significant walk-in capacity not captured in reservation data — actual utilization higher.

Key Findings:

- Peak **campsite utilization of 34% in the Damascus catchment** trails the South regional average of 50% and national average of 56%, consistent with the area's rural character and distance from major metros.
- Over **112,600 annual Creeper Trail visitors stay an average of two or more nights in the region** and spend $546 per trip. This points to a product gap, not a demand gap: visitors are coming, but existing supply is not capturing them.
- Existing **federal supply appears adequate for basic camping demand** — the opportunity for Laurel Gateway lies in the premium and year-round segments currently unserved by any facility in the catchment.
- Proximity to the Creeper Trail and downtown Damascus represents a convenience premium over more isolated campgrounds in the catchment. However, this **advantage is seasonal and may not support year-round viability**

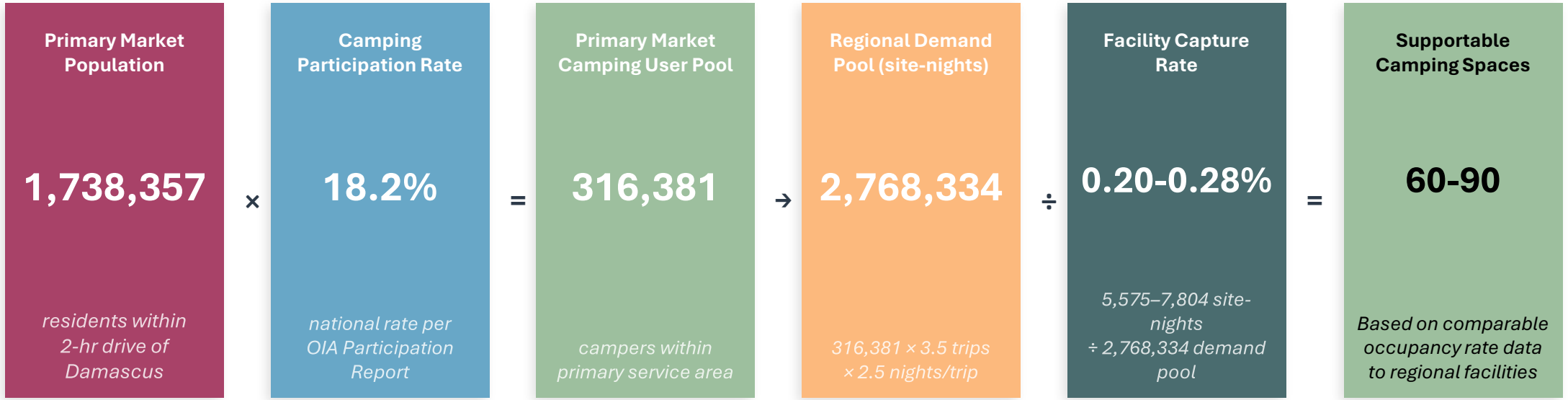
Monthly share of federal campsites booked, Damascus catchment, 2023



Source: RKG analysis of Recreation.gov FY 2023 data

Camping Market Analysis

Potential Laurel Gateway campground



Sources: OIA Outdoor Recreation Participation Report (2021); Recreation.gov FY2023; KOA North American Camping Report; ESRI population estimates.

For comparison: **full 442-federal sites catchment capture rate = 0.81%** *(22,298 actual site-nights ÷ 2,768,334 demand pool)*

Conservative (25% catchment share): 5,575 site-nights → 28.4% annual occupancy
Aggressive (35% catchment share): 7,804 site-nights → 37.9% annual occupancy

DEVELOPMENT IMPLICATION

Camping/Outdoor Recreational Lodging viable for the Laurel Gateway site.
Limitations will be based on cost of development and access to infrastructure.

02

Physical Site Analysis

The Site | At a Glance

Former VFW property, deeded to the Town ~2 years ago; under Washington County (Chapter 66) jurisdiction

22 acres
Gross site area

15 acres
Usable upland (above-floodplain)

±92 ft
Elevation differential

~210 days
Tourist season

Adjacent to the Trail
Abuts the Virginia Creeper Trail and Laurel Creek, just outside the Town's corporate limits — the convenience-to-trail premium is the site's defining asset.

A constrained envelope
A low western area along Laurel Creek sits within the FEMA floodplain; higher, gently-sloped eastern ground is where buildings are appropriate.

The critical variable
No public sewer reaches the site today. Extending it is the single largest factor in what becomes financially viable.

Source: RKG site assessment; 2016–17 FEMA SW Virginia LiDAR; FEMA NFHL; stakeholder meetings (Feb–Mar 2026).

Terrain & Floodplain Shape the Plan

Where each use goes is driven by ground elevation and the floodplain edge

Site boundary Floodplain (SFHA) Buildable area

Western floodplain — events & basic RV

Best used as open lawn / event space, with RV sites that have no permanent hookups. No permanent structures; minimal earthwork.

Higher eastern ground — the buildable core

Cabins, tent loops, and the single-family housing scenario all belong here, clear of the special flood hazard area.

Source: RKG terrain analysis; site data from Hurt & Proffitt.

Infrastructure & Regulatory Envelope

What the site can support hinges on utilities and the camping density rules

INFRASTRUCTURE

- Cabins and tents build-out: ~$3.78M
- Single-family homes: ~$2.12M
- 27-lot RV/site plan: ~$1.3M

No public sewer on site today — extension is the critical feasibility variable.

Sites with individual sewer hookups (self-contained RVs, plumbed cabins) are exempt from the sanitary-facility ratio — cheaper to serve than primitive sites.

REGULATORY THRESHOLDS

Virginia Department of Health campground density caps gross density at 20 sites/acre — a regulatory ceiling well above what the site's terrain and market support.

Washington County R-1 governs the residential alternative; the binding constraint is 15,000 SF lot size minimum.

NFIP floodplain standards constrain the western SFHA portion of the site: dry RV slips and primitive tent sites are permissible without earthwork, but full-hookup pads and permanent structures trigger compliance hurdles.

The throughline: Every program below assumes sewer is extended. H&P's site/infrastructure cost estimates explicitly exclude grading/earthwork, sanitary sewer, and (in two scenarios) fire line. The sewer extension is the most critical unpriced variable.

Source: VDH 12VAC5-450; Washington County Chapter 66 zoning; RKG regulatory review. Site/infrastructure costs per Hurt & Proffitt; sanitary sewer extension not yet estimated.

03

Development Program

Why Recreation Fits the Market

The market analysis pointed to a product gap, not a demand gap

112,600

Creeper Trail visitors a year — most leave the same day

Overnight visitors generate roughly 5× the local economic impact of day-trippers.

$194

Average daily rate across 159 active Damascus STRs

Strong, proven lodging demand already clears the market at cabin-level rates.

60–90

Supportable camping sites by demand modeling

Capture-rate analysis supports a purpose-built facility in the premium / year-round segment.

"What we already have is places to eat and rent bikes. What we don't have is enough places to sleep."

Source: RKG May 2026 market analysis; VA Tech Creeper Trail economic impact study (2026); AirDNA (May 2026); Recreation.gov FY2023.

Program A — Outdoor Recreation Resort

A phased camping and cabin resort sited near a bridge connecting to the Virginia Creeper Trail, built up over three phases (2026–2031)

81	77	27	185
Cabins	Primitive tent sites	RV sites	Total sites

PHASING

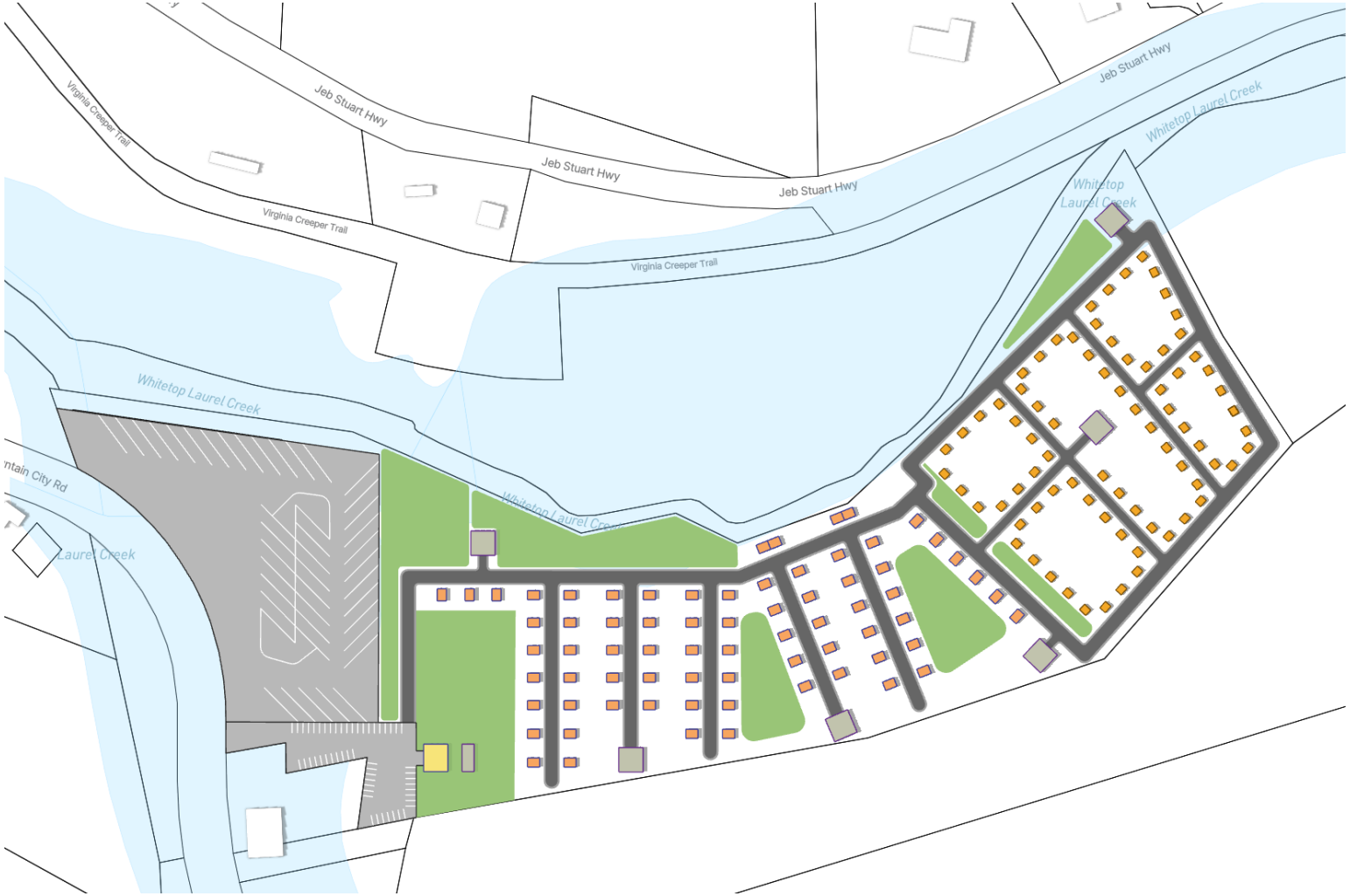
Phase 1 · 2026–27	**40 cabins + 27 RV sites**	Anchors the resort with its highest-revenue product and the full RV component.
Phase 2 · 2028–29	**42 primitive tent sites**	Adds low-cost capacity once the core is operating.
Phase 3 · 2030–31	**41 cabins + 35 tent sites**	Scales cabins to full build-out as demand is proven.

Outdoor Recreation Conceptual Site Layout

A phased camping and cabin resort sited near a bridge connecting to the Virginia Creeper Trail, built up over three phases (2026–2031)

Conceptual RV layout, 27 slips, no hookups

Conceptual cabin and tent layout, 81 cabins, 77 primitive tent sites



Program B — Single-Family Residential

The residential alternative: detached for-sale homes, tested as a direct comparison

~30
Homes at build-out

10 / yr
Phased absorption (3 phases)

15,000 SF
Minimum lot size requirement

$165
Construction cost PSF

Yield is frontage-limited
Under R-1, 15,000 SF minimum lot size caps the parcel at roughly 30 units along a double-loaded spine road.

A 2/3/4-bedroom mix
Modeled at a 1,300 SF weighted-average home, priced against current Damascus for-sale comps.

Built to compare, not to recommend
Program B exists to test the central thesis: does for-sale residential out-earn hospitality on this land? The feasibility section answers that.

Source: RKG pro forma (single-family scenario); Washington County R-1; Damascus for-sale comps (Redfin/Zillow). Land valued at $0 (Town-owned).

Single-Family Residential Conceptual Site Layout

The residential alternative: detached for-sale homes, tested as a direct comparison

Conceptual single-family home layout, 30 homes on 15,000 SF lots

04

Feasibility Discussion

Two Viable Options, Each With Tradeoffs

Both tested on the same basis — Town-owned land at $0, private-developer return, before site and sewer costs

There is no risk-free use for this site. Both leading programs can work — and both carry real drawbacks the Town should weigh directly.

SINGLE-FAMILY HOUSING

Predictable and stable. Creates a lasting local property-tax base and a year-round resident community, with far lower site-prep cost.

But margins are thin. Homes barely reach feasibility with free land. Workforce housing would likely need subsidies.

OUTDOOR RECREATION

Higher potential value. Captures the overnight-visitor gap and can support far more land value than housing.

But it carries more risk. Occupancy is hard to predict, revenue is seasonal, it must be operated as a business, and site prep runs the highest of any option.

Source: RKG pro forma, RKG market analysis, Hurt & Proffitt estimates (July 2026).

Housing: Predictable Value, Tight Margins

For-sale residential can work at the top of the price range — but the margin is thin and the downside is negative

IN ITS FAVOR

✓ **Stable, predictable tax base**

Owner-occupied homes generate ongoing local property-tax revenue — a benefit that lodging doesn't provide.

✓ **Lower site-prep cost**

The residential layout is the least expensive of the options to make buildable (~$2.1M in site work).

✓ **Real, documented demand**

Home values have increased 70% since 2020, with a genuine unmet workforce-housing need.

WHAT HOLDS IT BACK

✗ **Thin-to-negative returns**

Market-rate homes support only ~$405K in land value at median pricing — and go negative at the low end.

✗ **Construction cost dominates**

At Damascus-supportable sale prices, build cost makes return margins tight.

✗ **STR conversion risk**

New for-sale homes can flip to short-term rentals or second homes, diluting the community-housing benefit.

The workforce-housing implication. If market-rate housing barely pencils at the top of the price range and loses money at the bottom, workforce housing — which by design prices below market — would almost certainly require subsidy or gap financing (HOME, CDBG, USDA RD, Virginia Housing) to be feasible here. The demand case is real; the unsubsidized financial case is not.

Source: RKG pro forma, RKG market analysis, Hurt & Proffitt estimates (July 2026). Model targets a 25% return.

Housing Pro Forma

How the homes pencil, per unit — sensitivity is on sale price, which is uncertain across Washington County.

PER-UNIT ECONOMICS		30 homes at build-out — 10 / year over 3 phases
Weighted-avg home size: 1,300 SF	**Unit mix:** 2BR / 3BR / 4BR	**Minimum lot size (R-1):** 15,000 SF
Construction cost: $165 / SF	**Developer fee:** 4%	**Cost of sale:** 8%

Construction cost held constant across scenarios; *sale price is the sole sensitivity variable, since Damascus-area comps span a wide range.*

SALE-PRICE SENSITIVITY	Low	Mid	High
Sale price	$230 / SF	**$245 / SF**	$260 / SF
Revenue per home	$299,000	**$318,500**	$338,000
Cost per home (all-in)	$272,090	**$272,090**	$272,090
Supportable land value (25% return)	**($60K)**	**$405K**	**$875K**

Thin margins, even on free land. Construction cost consumes most of the sale price at Damascus-supportable prices, so land value only turns meaningful at the top of the range and goes negative at the bottom. Because a $0 land basis made IRR misleading, residual land value is the reported metric. Workforce housing, priced below market by design, would almost certainly need subsidy or gap financing.

Source: RKG pro forma (single-family scenario); Damascus for-sale comps (Redfin/Zillow).

Housing Economic Impact

What 30 new for-sale households would contribute locally — property tax accrues to Washington County (the site is outside Town limits)

$41K

Annual property tax

To Washington County each year at build-out — ~$1,370 per home on ~$319K assessed value at the county's $0.43 / $100 rate.

~$479K

Annual retail & food spending

30 new households × ~$22,825 retail & food expenditure per household (ESRI, 30-min trade area), with 70% captured locally given the site's closeness to town.

30

Year-round households

A permanent resident base — the recurring local demand the retail analysis found the town's businesses currently lack.

Why housing's public value differs from its private value. The pro forma shows for-sale housing barely pencils for a private developer — but its public return is a lasting, recurring tax base and a year-round population, benefits recreation uses largely do not generate. That gap between a weak private case and a real public case is exactly what grant and gap financing exist to close, and it is strongest for workforce housing, which prices below market by design.

Note: These are the largest ongoing revenue sources, not a full accounting — construction-phase activity, sales, and personal property tax, and other recurring streams would add to them. A complete picture would also weigh the cost side: new households generate service demands, schools chief among them, that a $0.43 rate does not fully offset. A formal fiscal-impact analysis was outside this study's scope; the figures above are directional, and STR conversion of new homes would dilute both the resident base and the housing benefit.

Source: RKG analysis; ESRI consumer spending data; Virginia Dept. of Taxation.

Recreation: Higher Upside, More to Manage

A trail-oriented resort generates ongoing operating income — but it's a business to run, not a product to sell

IN ITS FAVOR

✓ **Strong revenue generation once built out**

Stabilized operating income (NOI) per year at maturity: ~$1.6–1.8M

✓ **Positive revenue from year one of operations**

Operating income is positive from the first phase (~$0.7M in 2027) and grows as phases open.

✓ **Captures the overnight-visitor gap**

Meets documented lodging demand the market analysis identified — and creates year-round local jobs.

WHAT HOLDS IT BACK

✗ **Seasonal cash flow**

Annual NOI is positive, but revenue concentrates in the ~210-day season, while fixed costs run all year — off-season usage is the pressure point.

✗ **It's a business to operate**

Needs ongoing staffing, management, and maintenance — in a town already reporting tourism-staffing shortages. Who runs it (Town, concessionaire, lease) is unresolved.

✗ **Staged capital risk**

~$19.3M modeled over three phases through 2031; later phases depend on the financial success of earlier ones.

Source: RKG pro forma, combined rental cash flow (RV + tent + cabin scenario, land at $0; scenario IRR 24.4%). Stabilized NOI shown as a maturity range; figures are directional and will move once site/infrastructure cost is applied.

Recreation Pro Forma

How the resort pencils, product by product — sensitivity is on occupancy alone; pricing is held constant. Land valued at $0, 10-year hold.

PRODUCT	Sites	ADR	Occ. Low	Occ. Mid	Occ. High	Op. days
Cabins	81	$150	45%	55%	70%	365
Primitive tents	77	$35	35%	45%	55%	210
RV sites	27	$75	50%	60%	70%	250

185 sites total (81 cabins, 77 tents, 27 RV). *ADRs held constant across scenarios; occupancy is the sole sensitivity variable.*

FEASIBILITY OUTPUTS	Low	Mid	High
Blended occupancy (site-weighted)*	42%	**52%**	64%
Stabilized NOI / year (at maturity)	1.4M	**$1.7M**	$2.8M
Supportable land value (15% return)	**$1.1M**	**$4.5M**	**$9.3M**

There is no guaranteed occupancy. Land value is a residual over largely fixed build costs, so it swings sharply with occupancy — the mid case is a projection, not a floor. The resort must be built in stages so early phases prove demand before later capital commits; the specific phasing modeled is one illustrative option, not a County-vetted plan.

**Blended occupancy is site-weighted across the 81 cabins, 77 tent sites, and 27 RV sites. Rates differ by product — cabins least seasonal, tents most so — and each annual figure blends a strong April–October peak with low off-season months.*

Source: RKG pro forma (combined RV + tent + cabin rental scenario), ProForma_Model_WaCo_V2; VA State Parks & KOA ADR benchmarks; Recreation.gov FY2023.

Recreation Economic Impact

What a stabilized resort would generate locally — capturing overnight-visitor spending the town currently loses to same-day trips

~27,600

Occupied site-nights / yr

At stabilized mid-case occupancy across 185 sites — overnight stays that keep visitors in Damascus rather than passing through.

~$7.5M

Annual off-site spending

Visitor spending beyond lodging — dining, outfitters, retail, groceries — at ~$128/camper/day (KOA national data, net of site fee & gas) across ~27,600 site-nights.

~$267K

Annual occupancy tax

Transient occupancy tax to the County at 7% of lodging revenue — plus year-round tourism jobs the labor analysis flagged as a need.

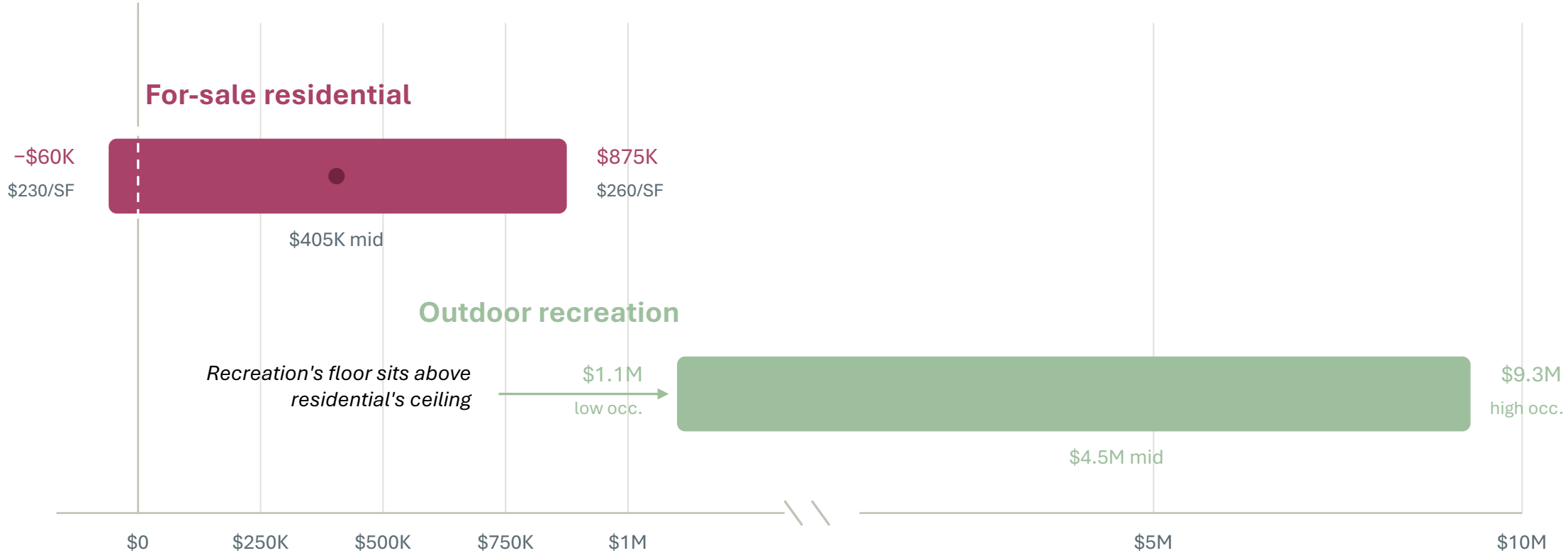
Why recreation's impact reaches beyond the site. The retail analysis found Damascus already has enough places to eat and rent bikes — what it lacks is enough places to sleep. A resort converts the 112,600 annual Creeper Trail visitors, most of whom leave the same day, into overnight guests who spend across town. That spending is additive to the existing retail base rather than competing with it, and it is the mechanism by which this use benefits the wider community.

A note on precision. Off-site spending is anchored to KOA national per-camper data ($156/person/day, net of site fee and gas), which fits a tent/RV/cabin resort better than the VA Tech Creeper Trail study's $545/visitor figure — that blended average includes hotel and STR guests, who spend more, and implies a higher ~$8M. These are the largest ongoing revenue sources, not a full accounting; sales-tax and construction-phase activity would add to them. Unlike housing, a resort generates little real-estate tax base and few school-age residents, so its service cost is modest, though a Town-operated model would carry direct operating and staffing burden.

Source: RKG analysis; KOA North American Camping & Outdoor Hospitality Report (2024, $156/camper/day); VA Tech Virginia Creeper Trail Economic Impact Report (Nov 2025, $545.74/visitor); Washington County transient occupancy tax (7%), washcova.com/tax-rates.

The Site Is Worth More as Recreation Than as Housing

Maximum supportable land value at a 25% developer return (for-sale) and 15% return (recreation), by use

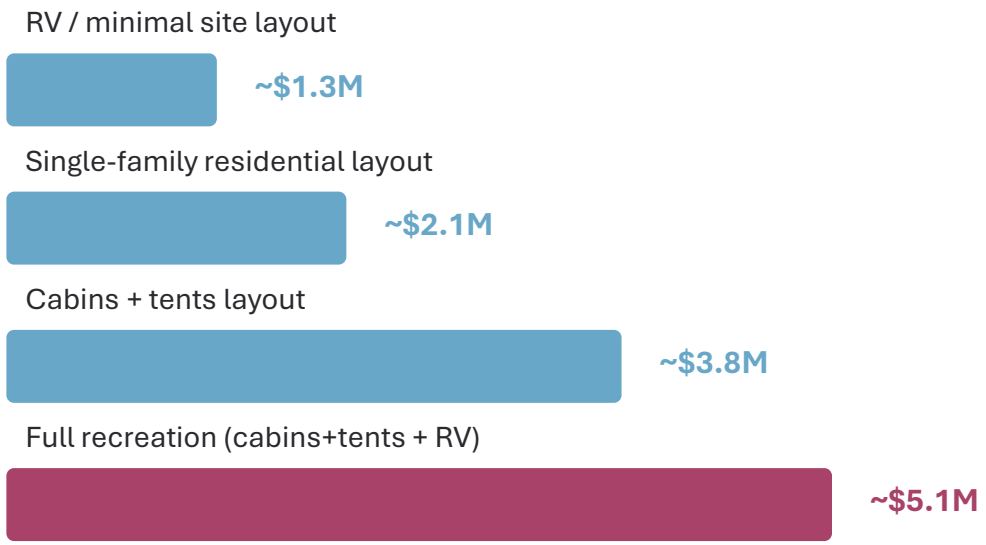


For-sale residential sensitivity is on sale price, which varies across Washington County; recreation sensitivity is on occupancy, since pricing is reasonably known but occupancy is harder to predict. Land value reflects private development return only; for-sale housing generates an ongoing local tax base that recreation uses largely do not — a public-value consideration outside this analysis.

Infrastructure Comes Off the Top

Making the site buildable is a major cost for either use — and neither program's land value fully covers it

H&P INFRASTRUCTURE ESTIMATES (site work only)



Excludes grading & earthwork, sanitary sewer, and (in most scenarios) fire line — all still unpriced.

WHERE THE MATH GETS TIGHT

Full recreation needs about **$5.1M** of site work. That exceeds recreation's low ($1.1M) and mid ($4.5M) supportable land value — only the high-occupancy case ($9.3M) clears it.

Housing's site work is lighter (**~$2.1M**), but its land value (under $875K) doesn't cover that either.

Land value is what a developer would be willing to pay for the land. Site work is subtracted from it first, and here it consumes most or all of it.

What this means. Neither program generates much residual land value once the site is made buildable. A realistic path likely depends on outside infrastructure funding rather than on land value alone.

Source: RKG pro forma, RKG market analysis, Hurt & Proffitt estimates (July 2026). Site-work estimates exclude grading/earthwork, sanitary sewer, and fire line as noted by H&P.

Infrastructure Cost Details

Hurt & Proffitt site-work estimates by scenario — the cost of making the site buildable, before land value

COST CATEGORY	RV / minimal	Single-family	Cabins + tents
Erosion & sediment control	$80,000	$100,000	$100,000
Demolition, clearing & grubbing	$60,000	$80,000	$80,000
Water	$248,940	$774,270	$449,900
Storm	$300,000	$500,000	$500,000
Site features & paving	$445,162	$381,860	$2,142,591
Subtotal	**$1,134,106**	**$1,836,130**	**$3,272,491**
Mobilization (5%) + contingency (10%)	$175,787	$284,600	$507,236
Total site work	**$1,309,893**	**$2,120,730**	**$3,779,727**

Not yet priced — and material to feasibility. All three estimates exclude grading & earthwork and the sanitary sewer extension — the design has not advanced enough to quantify them reliably. The single-family estimate includes a fire line; the RV and cabins + tents estimates do not. The sewer extension is the single largest unpriced variable and the critical determinant of whether either use is viable. Full-recreation site work (cabins + tents + RV) totals about $5.1M when the two estimates are combined.

Source: Hurt & Proffitt Construction Cost Estimates, Washington Co Site Readiness, prepared June 2026. Excludes grading/earthwork, sanitary sewer, and fire line as noted.

05

Conclusion

What the Analysis Shows

Recreation and single-family homes are both financially feasible if the land is heavily discounted and site costs are subsidized.

1

Recreation offers the higher ceiling

An 81-cabin, 77-tent, 27-RV resort clears the 15% developer-return hurdle and supports more land value than housing, but it's an operating business with seasonal, occupancy-driven revenue, not a one-time sale.

2

Housing offers stable revenue, but tight profit margins

For-sale homes barely break even on free land, but they create a lasting property-tax base and cost the least to make buildable. Any housing role is more strongly framed around workforce need and gap financing than market-rate sales.

3

Site work consumes most of the land value

Making the site buildable costs roughly $2.1M (housing) to $5.1M (full recreation), which exceeds or nearly exhausts the land value either program supports. A realistic path likely depends on outside infrastructure funding.

4

Summary

Regardless of development option, the Town will need additional resources above the land’s value to fund the infrastructure costs required to develop the site. Commonwealth/Federal assistance will make either the housing or recreational options financially viable.

The Key Next Step: Infrastructure Funding

Because neither use covers its site costs from land value, a viable path runs through grants — above all to extend public sewer. The strongest program fits:

PROGRAM	What it funds	Typical award	Fit for this site
ARC Area Development Program	Water & sewer service; heritage & cultural tourism	Up to $700K per project for distressed SW VA counties; typically covers a share of total cost, paired with other committed funding.	Strong — SW VA distressed county; sewer + tourism
CDBG — Infrastructure	Public water/wastewater for local governments; LMI-benefit focus	Up to $1.25M per public-infrastructure project (water/sewer). Virginia allocates ~$18M/yr statewide competitively; recent awards have run $700K–$885K.	Strong if tied to jobs / workforce-housing benefit
DHCD Regional Water / Wastewater Fund	Water & wastewater at regional scale; needs a lead locality	Part of the same ~$18M annual CDBG pool; higher regional cap (up to $1M+) for multi-locality projects with a designated lead locality.	Fit if structured with the County as lead locality
USDA Rural Development Water & Waste Disposal	Water/sewer for small, distressed rural communities	Combined loan + grant; nationally ~$1.6B/yr across ~700 projects. Grant share scales to community need (rural, ≤10,000 pop.); the balance is a low-interest long-term loan.	Strong — rural, distressed, publicly-owned system
VA Clean Water Revolving Loan Fund (DEQ)	Low-interest loans for publicly-owned wastewater systems	Low-interest loan, not a grant; sized to project cost, with principal forgiveness possible for disadvantaged communities. Best as the gap-financing layer beneath the grants above.	Gap financing to pair with grant awards
Tobacco Commission grants (TROF & related)	Economic development in the 34-county tobacco region; has funded site development, outdoor recreation, and revitalization	Grant/loan; up to ~$1M staff-approved, higher with Commission approval; min. $10K; goes to localities/nonprofits	Possible via econ-development programs, but flagship TROF favors traded-sector jobs and largely excludes retail/lodging.
Congressionally Directed Spending (CDS / CPF)	Member-requested funding for a named local project; water/sewer requests route through EPA STAG or USDA Rural Development accounts	FY2026 appropriations directed roughly $1.6B through EPA's STAG account across about 1,160 water, wastewater, and stormwater projects — averaging ~$1.4M each.	Strong — Rep. Griffith and Sen. Warner have already expressed interest in funding sewer here; requires a formal request in the annual spring cycle

Source: Virginia DHCD (ARC, CDBG, Regional Water/Wastewater Fund) and DEQ program guidance; USDA Rural Development; Virginia Tobacco Region Revitalization Commission. Award figures are typical for those programs, not commitments.