

VIRGINIA DIOCESAN HOMES, INC.  
OUTLINE OF OPERATIONS 1955 to 2006

INTRODUCTION

The corporate purposes of Virginia Diocesan Homes, Inc. (VDH) are “to establish, maintain, operate, manage, control and regulate residential homes for the aged under the supervision and direction of the Episcopal Church in the Diocese of Virginia and to do all things of every manner and nature incidental to or connected with the foregoing purposes...”

This paper was prepared for the use of new members of the VDH Board of Trustees, to introduce them to the role of the Diocese of Virginia in the promotion of housing for the elderly and the role of Virginia Diocesan Homes in:

- Establishing the six existing Continuing Care Retirement Communities (“CCRCs”)
  - Operating three HUD-subsidized rental facilities for the elderly
  - Contributing to the evolution of the policies and criteria for such facilities; and
  - Studying and supporting opportunities to establish new facilities.
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Note: In reviewing VDH chronology, it is important to understand that there have been two entities known as “Virginia Diocesan Homes, Inc.” The first VDH, which owned and managed Goodwin House, changed its corporate name to “Goodwin House, Inc.” (“GHI”) in March 1982. A new VDH corporation was then formed with a charter to develop and establish criteria for new homes. At this time, some board members of the old VDH became members of the GHI board and others became members of the new VDH board.

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I. PREDECESSOR HOUSES AND ORGANIZATIONAL EVOLUTION

The Diocese has been a pioneer in concern for housing for the elderly.

- Prior to 1955, the Diocese established the Protestant Episcopal Church Home for Ladies, an independent boarding home in Richmond, for small number of Episcopal laywomen
- 1955
  - Diocesan Council created a corporation known as “The Home for The Aged in the Diocese of Virginia” (“The Home”) with Board of Trustees (“BOT”); corporation was registered in Virginia on August 4.
  - Diocese purchased Richmond property housing Protestant Episcopal Church Home for renovation and use as “home for single men, single women, and couples.”
- 1957
  - The Home created a Board of Managers (“BOM”) for the foregoing building, which would be operated as a residential “facility of aging persons.”
  - On March 15, renovated facility opened with limited services for about 30 male and female residents.
- 1962 Richmond facility was renamed “Cary Montague Home.”
  - 1965 On July 15, corporate name changed to “Virginia Diocesan Homes, Inc.”

- 1967 Cary Montague Home was closed.

## II. GOODWIN HOUSE (now GOODWIN HOUSE ALEXANDRIA)

- 1959 The Home BOT began planning for new home in northern Virginia.
- 1962 Mr. Benjamin M. Smith donated 8.1 acres in Alexandria to the Diocese of Virginia, and the BOT created a BOM for new home.
- 1966 Construction commenced early in the year, with \$3.8 million in 30-year financing obtained from several savings and loan associations.
- 1967
  - On August 25, Goodwin House opened with 250 apartments, mostly efficiency size, and an infirmary.
  - Goodwin House became one of the first institutions in the area to offer life care as a Continuing Care Retirement Community (“CCRC”).

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Because of the complexity of a CCRC, which is actuarially-based and combines a hotel, insurance company and nursing facility, the CCRC presented many challenges in the financing, design, construction and operation of the facility. Since the VDH Board and Goodwin House staff had experienced these challenges, they were subsequently in demand as consultants for prospective CCRCs in this and other Dioceses, specifically a CCRC in Lynchburg and another in Virginia Beach. It was in this consulting capacity that the VDH Board and the Goodwin House staff assisted local promotional groups in establishing Westminster-Canterbury of Richmond, Westminster-Canterbury of Rappahannock, Shenandoah Valley Westminster-Canterbury in Winchester and Westminster-Canterbury of The Blue Ridge in Charlottesville.

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1969 The 174<sup>th</sup> annual Diocesan Council resolved “that the Virginia Diocesan Homes, Inc. be recognized as the agency through which institutional care of the aging is maintained...”

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### Goodwin House Expansions

- 1974 Goodwin House agreed to accept the residents of the Ann Lee Memorial Home and assumed all its debt and liabilities, and Ann Lee Home agreed to transfer all its property, real and personal, to Goodwin House.
- 1976 On September 9, Goodwin House expanded with a five-floor addition providing 50 additional apartments and expanding the nursing care unit.
- 1978 Virginia Diocesan Homes Endowment Trust Fund was created to provide financial aid for elderly persons in VDH houses.
- 1982 Goodwin House developed a new CCRC in Falls Church (see GHBC below).
- 1998 Goodwin House completed a \$38M renovation and expansion project including 131 larger apartments in a 15-floor tower.
- 2004 Goodwin House was formally renamed Goodwin House Alexandria.
- Goodwin House currently has 279 independent living apartments, 42 assisted living units and 80 nursing beds.
- It has a campus of 8 acres and an annual budget of \$22M.

- Affiliated corporations:
  - In 1989, Goodwin House Foundation (GHF) was incorporated to raise funds for providing financial assistance to residents of GHA and GHBC.
  - In February 1991, GHF was designated as a 501(c)(3) tax-exempt organization and began to raise and manage funds. It now has assets of \$15 M.
  - In 2000, Goodwin House Community Services (GHCS) was incorporated to provide management and other services to assist charitable, nonprofit organizations that serve seniors.
  - In 2001, Goodwin House Development Corporation (GHDC) was formed to manage the development of future retirement communities.

### III. WESTMINSTER-CANTERBURY RICHMOND (WCR)

- 1969 Diocesan Council passed a resolution endorsing the concept of ecumenical joint ventures to provide institutional care of the aging.
- 1970 & 1971 The VDH and Westminster Presbyterian Homes Incorporated (WPH) conducted discussions concerning possibility of establishing a joint home in Richmond.
- 1971 In December, VDH and WPH signed agreement to establish a new corporation – the Westminster-Canterbury Corporation (WCC) – to establish and operate a residential home for aging persons in the Richmond area. This agreement provided for election of half of the trustees of the WCC by WPH and half by VDH. It also required the prospective home to:
  - Undertake not to change its charter without VDH and WPH consent.
  - Have a non-discriminatory admission policy.
  - Establish a confidential resident financial assistance fund for “fellowships.”
- 1971 The agreement committed WPH to contribute 9.1 acres, and VDH to contribute 25.5 acres for which WCC would pay VDH \$282,000.
- 1972 Planning started for the new \$12.5 million Richmond project.
- 1975 On July 25, the Westminster-Canterbury Richmond (WCR) opened with 384 independent and assisted living apartments plus nursing facilities.  
Over the years, WCR initiated major expansion and renovation projects.
- 1989 At the request of WCR, VDH consented to amendment of the WCR charter to permit a corporate restructuring involving the creation of a parent management company of which WCR and other affiliates are subsidiaries. VDH elects 8 of the 16 board members of the parent, Westminster-Canterbury Management Corporation.
- Currently WCR has 322 Independent living units, 126 assisted living units, and 150 health care beds, with 146 independent living units being added by the expansion project now in process.
- Affiliated corporations:
  - Westminster-Canterbury Management Corporation.
  - Westminster-Canterbury Child Care Center.
  - Westminster-Canterbury Corporation.
  - Westminster-Canterbury Foundation.
  - The Glebe.
- WCR has a campus of 50 acres and an annual budget of \$50 million.

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IV. RAPPAHANNOCK WESTMINSTER-CANTERBURY (RWC) (in Irvington)

- 1982 Planning for the project began, with \$20,000 “grant-loan” seed money from VDH followed by loans of over \$200,000 in the next three years to newly formed WCC of Rappahannock. VDH also made contributions of \$52,500.
- 1984 In March construction began on the RWC retirement home.
- 1985 In June RWC opened with 118 independent living units, 24 assisted living units and 30 nursing beds.
- RWC initiated expansion projects and now has 151 independent living units, 38 assisted living units, and 42 nursing beds.
- Affiliated corporation:
  - RWC Foundation
- RWC has a campus of 165 acres and an annual budget of \$14 M.

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1982 VDH and WPH entered into an agreement as to criteria for future Westminster-Canterbury Homes.

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V. SHENANDOAH VALLEY WESTMINSTER-CANTERBURY (SVWC) (previously Winchester Westminster-Canterbury)

- 1980 Planning for the project began, with a \$25,000 “grant-loan” seed money from VDH, followed by loans of over \$250,000 in the next three years to newly formed WCC of Winchester.
- 1985 (mid-year) Construction began on SVWC.
- 1986 (Mid-year) SVWC opened with 98 independent living units, 35 assisted living units and 25 nursing beds.
- 1989 In September, SVWC filed for Chapter 11 bankruptcy protection. In 1991, the agreement for the election of SVWC trustees by VDH and WPH was modified to provide for creditors to be represented on the SVWC Board.
- 1991 SVWC recovered from bankruptcy.
- SVWC initiated several expansion projects and now has 148 independent living units, 59 assisted living units, and 40 health care units.
- Affiliated corporation:
  - SVWC Foundation
- SVWC has a campus of 65.237 acres and an annual budget of \$17 M.

VI. GOODWIN HOUSE BAILEY’S CROSSROADS (GHBC)

- 1980 VDH Board considered development of a new life-care facility in northern Virginia.
- 1983 GHI BOT authorized purchase of about 8 acres of land at Bailey’s Crossroads.

- 1985 In June construction began on Goodwin House West.
- 1986 In December permanent financing in the amount of \$32 million was obtained by the issuance of Industrial Development Bonds by the local Housing Authority. VDH involvement was minimal because the project was handled by the GHI Board.
- 1987 On October 24, GHW opened with 320 apartments, 60 assisted living apartments and 72 nursing beds.
- 2004 GHW was formally renamed Goodwin House Bailey's Crossroads (GHBC).
- 2006 On September 29, a ground breaking ceremony was held for a new 15-story building with 106 apartments, a 3-story wellness center and pool, and significant renovations to the existing public areas, at an estimated cost of \$140 million.
- GHBC now has 234 apartments, 48 assisted living units and 70 nursing beds. When the redevelopment is completed, GHBC is projected to have 332 apartments, 36 assisted living units, 16 memory support units, and health care accommodation for 68 residents.
- GHBC has a campus of approximately 8 acres and an annual budget of \$19 million.

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Since its inception, the GHI BOT has explored additional homes in the northern Virginia area.

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## VII. WESTMINSTER-CANTERBURY OF THE BLUE RIDGE (WCBR)

- 1982 VDH BOT began discussions with a local group concerning a new CCRC project in Charlottesville area. Project planning ensued over the next several years.
- VDH provided \$ 25,000 in seed money by a "grant/loan" and eventually advanced \$306,000 in loans and \$40,000 in contributions. VDH was closely involved with the locally formed organizers of the project.
- 1990 WCBR Opened.
- Over the years WCBR undertook expansion projects and currently has 268 independent living units (203 apartments, 65 cottages), 59 assisted living units (12 of which are in a distinct memory support unit) and 45 nursing care beds(12 of which are "skilled care").
- Affiliated corporation:
  - WCBR Foundation was created in 1998
- WCBR has a campus of 55 acres and an annual budget of \$ 25 M.

## VIII. LOW INCOME HUD-SUBSIDIZED HOUSING

### A. LOCKWOOD HOUSE and ELMWOOD HOUSE

- 1985 Lockwood House was developed by St.Alban's Housing Corporation (SAHC) as HUD-subsidized housing, and opened with 99 independent living rental units but no dining service, and no assisted living or nursing facilities. Residents pay 30% of their income as rent, with HUD paying the balance (which HUD must approve) as rent subsidies.

- 1992 Elmwood House, with 50 independent living apartments, was built adjacent to Lockwood House by the Second St Alban's Housing Corporation (SAHC II). The funds for its construction were provided by HUD in the form of a grant. While Elmwood does not provide food service to its residents, it has a well-equipped kitchen.
- Governing documents of the housing corporations for Lockwood House and Elmwood House (separate corporations) provide that members of their Boards of Directors (BODs) will be elected by the "Executive Board of The Diocese of Virginia or its designee." [Each board has 11 members, who serve concurrently on both boards.] The Diocesan Executive Board designated The Reverend Canon John R. Frizzell, founder of both houses, to perform that function. He was President of both corporations until his death in December 2006.
- 1988 In June, Canon Frizzell proposed a *de facto* takeover of the SAHC over a 5-year period by progressive appointment of VDH BOT members to the SAHC BOD.
- 1989 In March, VDH BOT approved the foregoing arrangements proposed by Canon Frizzell [although they have not been implemented except that VDH BOT has two members who serve as Directors on the two boards.]
- Lockwood House and Elmwood House share a campus of 4.3 acres of property in Fairfax and Arlington Counties.
- The properties and finances of the two Houses are managed by Quantum Real Estate Management, which conducts the day-to-day business interface with HUD.
- Lockwood House has an annual budget of \$1M.
- Elmwood House has an annual budget of \$350K.

B. GHCS has a management support agreement with The Lewinsville Retirement Residence Inc. (LRR) in McLean Virginia. LRR, developed by the Presbyterian Church, has 161 apartments and 165 residents, many of whom receive a rental subsidy under HUD's Section 8 Housing Program. Subsidy payments account for over 60% of LRR's \$1.6 million annual rent. A separate (mandatory) meal program provides one sit-down meal per day.

## IX. NEW HOUSING PROJECTS CONSIDERED BY VDH BUT NOT COMPLETED

### A. ST. GEORGE'S EPISCOPAL CHURCH, ARLINGTON

St. George's, located in central Arlington County, owns an entire block of very high value land within easy walking distance of the Virginia Square Metro station. In the mid-1980s the parish, feeling a need to serve elderly residents in its neighborhood, initiated a residential project. It would have involved clearing several houses, other structures and a parking lot to build an apartment-type facility that would share some public areas with the parish. Intended to be attractive to middle-income residents characteristic of the neighborhood, the project was designed at the highest density that could be accommodated under the zoning envelope. This concept required compromises under the CCRC policy then espoused by VDH, so St. George's resisted bringing the project under VDH purview. They fleshed out the conceptual design but the resulting height, density and parking requirements were found not to be financially feasible to serve the target population, regardless of alternative physical and services packages. In the early 1990s the project was abandoned.

**B. ST. STEPHEN'S CHURCH, CULPEPER**

In the late 1990s, St. Stephens Church approached VDH about a housing project. A 20-year-old apartment building located next to the church was up for sale. The building was fully occupied but it needed modifications. VDH formed a corporation to pursue the project. A commitment was obtained from the bank for the financing. The plan was to replace tenants as they left with older tenants, so that it would eventually become an independent living senior housing facility. At the last minute, the VDH Board voted not to proceed with the project, primarily because of the age of the building and concerns as to whether it would be a viable project.

C. In the 1990s, the Virginia Diocesan Homes became concerned about the need for senior housing in the middle income range. This effort was initially designed as "Affordable Housing" or "Affordable Senior Housing," later changed to "Mid-Income Senior Housing." Several projects that would have involved renovating existing buildings were investigated, but none were financially feasible.

**D. ABINGDON CHURCH, GLOUCESTER COUNTY**

In 2000, Abingdon Church contacted VDH about the possibility of developing a senior housing retirement community on 120 acres of parish property adjacent to the church. VDH hired Westhampton Associates to investigate the possibility of developing a mid-income facility at Abingdon Church. Both VDH and Abingdon Church were very interested in pursuing the project, and they decided to obtain a market feasibility study to evaluate the viability of the project. VDH hired Brecht Associates, Inc. of Philadelphia to do the study which was completed in December 2002.

Unfortunately, the market study indicated that the depth of the elderly population in the market area was not sufficient to support a large senior housing project in addition to those already in that area. The VDH Board decided in March 2003 not to proceed further unless Abingdon Church indicated a strong desire to proceed, and the Church did not send the VDH such a request.

E. Since the termination of the Abingdon Church project, there have been a few other possible locations for such a project. These included New Kent County, Fredericksburg and Stafford, Virginia, but none of the projects had a local group which was actively pursuing such a project. VDH believed that without strong local support it would be difficult for a project to be successful.

F. In June 2004, the VDH Board received a report, which it had commissioned, by Joseph Howell, entitled "Affordable Housing Development Opportunities for Virginia Diocesan Homes." A copy of this report is available to VDH Board members upon request.

Harrison D. Hutson

Burnham C. (Mike) McCaffree Jr.