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Rift Emerges Over Sale of Chicago Diocesan HQ

📅 July 5, 2022



This screen capture from Google Maps shows the Chicago diocesan headquarters in the background, with St. James Cathedral at right.

By Kirk Petersen

The [Diocese](#) of Chicago's plan to sell its valuable headquarters property has exposed what appears to be a dysfunctional relationship between the leadership of the diocese and its 152-year-old cathedral, which is located adjacent to the headquarters. The drama has been playing out in public in ways that could affect the long-term financial health of both the cathedral and diocese.

On June 1, the diocese [announced](#) that the headquarters at 65 East Huron Street, a block from the upscale commercial district known as the Magnificent Mile, had been listed for sale. The property is both the diocese's largest asset and largest expense. Officials have said it costs \$750,000 a year to operate the existing five-story building, representing 10 percent of the diocesan budget.

No purchase price has been assigned to the property, but it would be an eight-figure sum. The 2008 financial crisis derailed a previous plan to sell the property for a reported \$20 million, and Mike Mattson, the diocesan official shepherding the sale, has said he expects the current price would be higher than that. Any purchaser would undoubtedly knock down the current building and replace it with a skyscraper. The *Chicago Sun-Times* [reported](#) that the 2008 developer intended to build a 64-story luxury hotel and condo tower.

The diocese needs the money because it has been balancing its budget in recent years by drawing from investments. [Episcopal News Service](#) reports that those funds are likely to be depleted by 2025.

The [listing with CBRE](#), a major commercial real estate broker, includes the headquarters and the adjacent plaza, but not St. James Cathedral next door. A sale would have a significant impact on the cathedral, however, because the cathedral chapter would receive title to its building and be responsible for future upkeep, Mattson said.

On June 22, the [dean](#), wardens, and chancellor of the cathedral issued a [statement](#) saying "we are decidedly disheartened to report that St. James would face a potentially profound – and possibly dire – dilemma if the final parameters

of the sale adhere to the terms that diocesan leaders have arbitrarily imposed on our community.” Further, “we must even account for the possibility that St. James, as a [parish](#), could be forced to close.”

In an interview with *TLC*, the [Very Rev.](#) Dominic Barrington, dean of the cathedral since 2015, expressed his case in even stronger terms. While the diocese has every right to sell, “I think it is inappropriate and immoral – I’d almost go so far as to say sinful – for them to do it in a way that disrespects the history of the asset in the first place,” he said. St. James is “one of the most viable, thriving and growing parishes,” he said, and “if the way they do it turns us from being that into being on the verge of bankruptcy, that seems to me to be wrong.”

Barrington’s reference to “the history of the asset” refers to the fact that St. James donated a portion of the property to the diocese nearly 70 years ago. “They regard that as irrelevant,” he said, and “That seems to me to be morally, spiritually, theologically, indefensible as a position.”

One of the many factors complicating the issue is that the current headquarters houses the equipment that generates power, heating, and air conditioning for the cathedral. “That piece of the puzzle alone is a seven-figure sum to sort out, and one of the many things the diocese has said is simply going to be our problem,” Barrington said.

The cathedral also uses about 30,000 square feet of office and program space in the current headquarters, Barrington said. While the sale brochure calls for that space to be replaced in the new facility, the cathedral faces the prospect of having to pay rent for the space once it is no longer owned by the diocese.

Mattson told *TLC* the sale will generate enough money, and enough of it will go to the cathedral, that with “proper financial management” the cathedral should be able to cover the utilities, maintenance, repairs, and the lease of any space they need. “For many years now, we’ve been subsidizing St. James. The diocese has. And I think people in the diocese are a little tired of it,” Mattson said.

Barrington said a real estate professional consulted by the cathedral estimated that the cathedral would receive “at most” \$4 million from the sale, given the likely sale price and the formula created by the diocese.

“I don’t know where Dominic got the \$4 million, but if the sales price is what we think it is, the cathedral’s going to get considerably more than that,” Mattson said.

The cathedral is in the midst of a **\$16 million capital campaign**, primarily intended to fund much-needed deferred maintenance, as well as \$4 million for a new organ. Both sides agree the dispute may hamper the capital campaign. Each blames the other.

Barrington said the campaign has approached potential major donors who contributed to the diocese a decade ago “for a building that’s now about to be demolished. And they have all said to us that with the uncertainty about the future of the cathedral that this raises, and with our anger and distress at the way we’ve been treated by the diocese, you can’t possibly expect us to feel confident in writing a check for a major gift.”

Mattson responded, “If I were likely to give money to a capital campaign, and the **rector**, or the dean, said, well, we may not exist, our very existence is under question – would you be giving money to the capital campaign?” Addressing Barrington *in absentia*, he said “your announcement did a really good job of undermining the capital campaign.”

TLC asked Mattson if the parties might benefit from mediation, and if the relationship is broken. “We’re going to need to work to repair it, yes,” he said. “Part of the issue is that we don’t have a bishop yet.”

The Rev. Paula Clark is scheduled to be **consecrated Bishop of Chicago** on September 17. She originally was scheduled to be consecrated in April 2021, but suffered a stroke two weeks before the planned date of the ceremony. She continues to recover, and said in May that she began working part-time at the

diocese two months earlier, and expected to be working “40-plus” hours a week by September.

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