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Berkeley to Use Blockchain Technology to Combat Homelessness.

The city of Berkeley may soon launch an “initial community offering” as part of an effort to use blockchain technology to combat homelessness and housing issues. This would make Berkeley the first city in the United States to sell digital “tokens” as part of a crowdfunding campaign, according to a Tuesday press release.

In the press release, Mayor Jesse Arreguín and City Councilmember Ben Bartlett announced the founding of the Berkeley Blockchain Initiative, through which the tokenized municipal offering will be hosted. The initial community offering is similar to an initial coin offering, which is a cryptocurrency fundraising system. However, the tokens distributed by the initial community offering will represent real security for a specific purpose instead of potential future values, according to Kiran Jain, chief operating officer and general counsel of Neighborly.

Neighborly, a technology firm aiming to modernize municipal finance, and UC Berkeley Sutardja Center’s Blockchain Lab will collaborate with the city on the initiative.

“We are always looking at new technology, trying to figure out how we can apply them in new ways to benefit our city,” Bartlett said.

City Council began exploring blockchain technology about a year ago as part of the city’s efforts to explore alternative methods of funding in anticipation of a possible decrease in federal funding from the Trump administration, according to Bartlett.

According to Jain, the project still has to receive official approval from City Council, along with other necessary approvals, which will likely happen about mid-May.

Jain said the process for conducting the initial community offering itself “is similar to what you’d see for a municipal bond” in terms of how the funds are raised. The official term for the process is a “tokenized municipal offering,” and it is akin to an initial coin offering, except it is “fully compliant with all U.S. regulations and for low-cost tax-exempt debt rather than equity or utility token.”

The initiative’s leaders intend to direct the proceeds toward affordable housing projects in Berkeley.

The money raised from the community offering “can be directed towards whatever the community wants to fund,” according to Bartlett. Buyers will purchase tokens backed by municipal bonds, and the proceeds can support housing projects and homelessness services.

Berkeley has a long history of combating housing issues through innovative measures, such as researching tiny homes as a possible response to the city’s housing crisis.

“Cities must look towards innovative funding mechanisms to solve our most intractable problems, especially in the face of diminished federal support,” Arreguín said in the press release. “Berkeley is proud to once again be leading the way.”

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BY LUKE KOPETSKY | STAFF

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