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How a Blockchain Could Help Roll Out Berkeley's Next Fire Truck.

LAST YEAR, BEN Bartlett, a member of the Berkeley City Council, proposed an unusual idea to his colleagues: putting affordable housing on the blockchain. The city was facing an unprecedented housing crisis and the prospect of cuts to federal housing assistance. Why not turn to local residents to help fund a solution? The city would issue bonds, as governments often do when they need to finance big-ticket projects, and break them up into small pieces called “minibonds.” City residents could invest as little as $25. In return, they’d get a small amount of interest and perhaps a dash of civic pride, too.

The idea behind such tiny bonds, Bartlett says, is to “let the poor rebuild the country and profit from it.” The trouble is, issuing a $25 minibond involves a mess of paperwork and middlemen that can cost more than $25. That’s where he and Berkeley mayor Jesse Arreguin believe blockchain could help. The idea is to automate the financing process, keeping track of all the minibonds in a secure ledger and issuing interest payments in digital tokens.

At first, the idea met with skepticism, not least because Bartlett and Arreguin called their plan an “ICO.” That stood for an “initial community offering,” Bartlett clarifies—not an “initial coin offering,” the fund-raising mechanism often associated with cryptocurrency scams, hype, and regulation dodging. Bartlett says Berkeley’s ICO remained a mundane municipal bond at heart, even if it was to be divvied up into digital tokens. But some of his colleagues encouraged the city to slow down, and the council voted to have city staff examine if it would be feasible. Now, 13 months later, the city plans to seek a vendor for a minibond pilot. The city finance director suggested starting with a fire truck, financed by selling up to $4 million in bonds.

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