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The Cities Turning To Crypto For Grassroots Fundraising.

Local governments have been interested in cryptocurrency like Bitcoin and Ethereum for years, and some have begun accepting it as a form of payment for certain transactions. But come places are taking it a step further.

Last month, Berkeley, Calif., announced it was moving forward on a long anticipated project to sell "microbonds" in the municipal market. City leaders initially had the idea in 2018, and are working with UC Berkeley's blockchain accelerator lab, Blockchain at Berkeley.

The project is the brainchild of Mayor Jesse Arreguín and Councilmember Ben Bartlett and would issue municipal bonds using the blockchain technology that underpins cryptocurrency. This would allow municipal microbonds to be issued in denominations as low as $5 or $10, as opposed to the minimum $5,000 bond denomination that's common today.

"In expanding access to community investments by way of microbonds, Berkeley will simultaneously crowdsource additional funding for public projects while providing more individuals with investment opportunities," Arreguín said in a statement.

Meanwhile, CityCoins offers cities a different approach to raise revenue with digital currency. The nonprofit has a platform that allows its users to mine for new tokens and then select a participating city to support. A computer program allocates 30% of the mined cryptocurrency to that city, while users get the other 70%.

In December, Austin became the latest city to strike a deal with the startup, joining Miami and New York City. So far, Miami has received more than $7 million in value. According to CityCoins, Las Vegas, Los Angeles and San Francisco are also poised to have their own digital currencies.

Last, Reno Mayor Hillary Schieve is working on a plan that would allow city residents to receive cryptocurrency that corresponds to the value of certain city-owned parcels. People could buy and sell their stakes, and if the land were leased or sold, they would all share in the proceeds. The idea is just one of many blockchain enthusiast Schieve has for marketing the "biggest little city" as more youthful and vibrant.

These approaches have one big thing in common: they are rooted in grassroots fundraising, albeit with a 21st Century twist. Berkeley's approach, for example, seeks to democratize the municipal market, something that has long been talked about, but never really achieved.

Big picture, the advent of microbonds and cryptocurrency in general gives regular folks (and ideally, residents) a chance to buy a stake in their city and potentially profit from it. As Schieve put it to Wired, "Anything that could make your community better is worth trying."

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