Crowdfunding platform Spacehive

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Why did we select this case?

There are a lot of urban areas that have the potential to become lively community hubs but sit empty due to little or no funding. Tapping into the power of crowdfunding to raise money for civic projects might be an interesting option for cities.

About the case

Spacehive is a crowdfunding platform for civic projects. Similarly as other crowdfunding sites, Spacehive facilitates the process of fundraising, complementing conventional methods (investment funds, loans from individuals or banks, grants from foundations and local governments) that may be inaccessible or excessively difficult. The projects are oriented to the needs of the people who initiate them, the people they hope to serve, and the people who fund them.

> 'Spacehive provides a single portal where people with project ideas can build support from their community, ensure their plans are viable, pitch for funding from the crowd and our partners at the same time, and share the impact they've created.' - Spacehive

One of the succesful projects of Spacehive is the Peckham Coal Line .

> 'The Coal Line will transform walking and cycling connections around Peckham, changing the lives of residents and businesses by bridging busy roads and creating a more direct link between two high streets.' - Spacehive

In other words, the idea is to create a linear park that is a pleasant route to walk or cycle in Peckham (a London district). The people who helped fund the project expect to benefit by being able to use the park themselves. Spacehive is not available for soliciting loans or investments, meaning that funders do not expect a financial return.

Wolfgang Hoeschele explains in the book Sharing Cities: Activating the Urban Commons , that the Spacehive's projects have to go through ordinary public approval processes to ensure that they are of public benefit.

> 'The Spacehive platform itself receives 5 percent of the donated money in order to

> fund its own operations. This overhead charge makes this site possible. The original investment funds to develop the site came from social investment funds, primarily Big Society Capital and Si2 Fund. Ultimately, benefits will also accrue to the investors in those funds. The risk if a project fails is that funders get no benefit in return for the money they donated, and that project initiators fail to accomplish their goals. In order to minimize risk to funders, Spacehive works with Locality to provide a verification service which checks if the project idea is viable and can be delivered once the funding target has been met. The delivery manager for the project must agree to Spacehive's terms and conditions which ensure the money raised will solely be spent on delivering the project as described.' - Wolfgang Hoeschele

Where
London, U.K.

The impact

- In May 2016, Spacehive reported that they raised £4.9 million ($6.4 million) since its inception in 2012.
- 47% of theit projects got funded
- Their average project raised £26,900 ($34,970)
- The London Mayor's Office has teamed with Spacehive to support community-driven initiatives throughout the city.

Resources

- Peckham Coal Line: https://www.spacehive.com/peckhamcoalline
- Report on alternative finance trends in Europe: http://ec.europa.eu/finance/generalpolicy/docs/crowdfunding/150304-presentations-ecsf_en.pdf
- Partnership London Mayor's office and Spacehive: https://www.london.gov.uk/what-we-do/regeneration/funding-opportunities/crowdfund-london
- Book Sharing Cities: Activating the Urban Commons: https://www.shareable.net/sharing-cities