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Crowdfunding and Crowdsourcing Initiatives in Detroit

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Abstract
This study examines the role of crowdfunding and community-based initiatives in Detroit, a city that has been hurt by economic distress for several years. We start by compiling the Kickstarter projects initiated and successfully funded all over the US during April 2009-July 2012, and later focus on those occurring in Detroit only. We conduct in-depth analyses to understand the intra-urban characteristics that provide opportunities for such initiatives. By combining the census demographic data with qualitative information collected from online surveys and semi-structured interviews, we analyze the specific roles of crowdfunding initiatives in creating sustainable urban communities. This analysis finds that Kickstarter projects initiated primarily in low-income neighborhoods, and the main motivation had been the autonomy for the Kickstarter initiators who create projects on their own terms and conditions that benefits the local communities. This study is one of the first to examine crowdfunding initiatives. In an age of continuing economic downturn, grantfunding and government budgets for community projects are the first ones to be eliminated. This study suggests that the projects initiated in Detroit’s neighborhoods fill up the grantfunding gaps, thus marking crowdfunding as a contemporary way for creating sustainable processes.

Keywords
Crowdfunding, Place, Community, Kickstarter, Grantfunding

Acknowledgements
All correspondence regarding this paper must be addressed to Madhuri Sharma, BGB 416, 1000 Philip Fulmer Way, Knoxville, Tennessee, 37996; Phone: 865-974-6077, Fax: 865-974-6025; Email: msharma3@utk.edu. This paper is a product of a Master Thesis completed by Ms Brenna Elrod and as such has gone through several versions of editing and re-writing, along with structured design and methodological improvements. We wish to thank few anonymous reviewers who read earlier versions of this paper and a have suggested useful feedback.
1. INTRODUCTION

“We must have pie. Stress cannot exist in the presence of pie.”

The above quote is one spoken about the Pie Lab in Greensboro, Alabama. The Pie Lab is a widely successful project with the goal to bring a community to a neutral space for conversation and connections, and pie of course. This is especially relevant in Greensboro, Alabama, a traditionally segregated town. Pie Lab started from humble beginnings and has garnered publicity and success. Pie Lab found its funding using crowdfunding, a form of funding that uses an open call to procure financial resources. This is done either in the form of donations or in exchange for some sort of reward. This transaction usually occurs over the Internet (Lambert and Schwienbacher 2010). A place may not be created with pie alone, but increasingly small community-based initiatives across the nation are coming to fruition through efforts by individuals or small groups, contributing their share of pie to the whole. This is being made possible through new Web 2.0 technologies like crowdsourcing and crowdfunding. Many projects request money for individual projects like producing an album, writing a book, or creating an exhibition. However, increasingly art projects are funded that are tied to a community.

*Crowdfunding* studies thus far have focused on funding networks and the motivations that people have for funding projects online, and few have examined the place distribution or effects of implemented projects in local communities and/or how the geographic characteristics of places and people affect these initiatives (for example, see Agarwal et al. 2015, 2014; Mollick 2014; HT1). To our knowledge, this study is one of the few empirical analyses to examine the connections between crowdfunding initiatives and the spatial and socio-economic characteristics of neighborhoods in the metropolitan area of Detroit, Michigan – a city that has gone through waves of economic stress over past four decades, and continues to experience economic uncertainties. Arts and cultural initiatives are often the first on the budget-cutting block during times of economic stress and a look at alternative funding methods that facilitate growth of *community-based* projects will provide useful and helpful inputs to planning professionals. Crowdfunded efforts offer unique opportunities to an individual or small groups who can identify a need in their community and seek funds by soliciting donations from a crowdfunded website (Agarwal et al. 2015, 2014; Howe 2006; HT1; Mollick 2014). Such efforts have been on rise lately, with numerous crowdfunding initiatives being accomplished for a variety of issues such as cancer treatment, make-your-wish-true, and the like – all of which sustain based on community and voluntary efforts. This paper examines if the *crowdfunding* efforts are occurring particularly in the economically distressed neighborhoods of cities such as Detroit (and others), and if so, are these the locations that have been neglected by the traditional funding sources?

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The remainder of the paper follows in four subsections. Section two summarizes relevant literature on the concepts of crowdsourcing, crowdfunding, kickstarter projects and place-space contexts. The research design section discusses methodological steps employed in data acquisition and analysis. The analyses section discusses major findings from qualitative interviews and the neighborhood attributes, and finally the conclusions highlight important elements of community-based initiatives in Detroit and how crowdfunding can be a useful method in the growth of sustainable urban communities.

2. THE CONTEXT: CROWDSOURCING, CROWDFUNDING, KICKSTARTER AND PLACE-SPACE

2.1 CROWDSOURCING

Jeff Howe first used the term *crowdsourcing* in his article in *Wired* magazine, by using the concepts from the word ‘outsourcing’ and ‘funding’ and by using an open call to the public (Howe 2006). It demonstrates how people can work together over the Internet to solve problems that matter to many, and hence operates on the principle that a large and diverse labor pool will consistently come up with better solutions than the most talented, specialized workforce (Howe 2006). It allows larger tasks to be divided into smaller tasks that become more feasible (Howe 2009). In addition, it enables the use of the Internet to capture the “spare cycles” of people. A study conducted by Massachusetts Institute of Technology provided insights into peoples’ motivations for giving up their spare time to contribute to crowdsourced projects (Hardesty 2012; Howe 2006). Often contributors to crowdsourced endeavors do so for little to no money. The Massachusetts Institute of Technology study was of an open-source software and revealed that people often participated because of a desire, commitment and a sense of ownership to create something to benefit the community at large (Hardesty 2012; Howe 2006). Thus, *crowdsourcing* creates new types of communities and brings together people that are committed and mostly interested in doing most anything and everything by supporting *meritocracy*. It thus creates a unique breed of collaborators who use their merit in creating something new. A more widely known format of this is the famous television show ‘American Idol.’ When the audience elects the winner they provide an idea of the demand for the show’s creator Simon Cowell (Howe 2006).

2.2 CROWDFUNDING

*Crowdfunding*, a very new concept, has its origins in “*crowdsourcing*”—the process of outsourcing tasks to crowds of people, often the Internet community, to draw from

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2 Spare cycle refers to the time and energy left over after responsibilities to employers and family are met.
collective expertise (Boudreau et al. 2015; Hemer 2011) to apply the ideas of investing. It is also defined as financing of a project or venture by a group of individuals instead of professional parties (Agarwal et al. 2015, 2014; Boudreau et al. 2015; Burtch et al. 2014). It allows entrepreneurs to appeal directly to their potential customers and has the potential to become a seed financial source for entrepreneurial ventures that may find difficulty raising capital from traditional sources such as bank loans or angel capital (Howe 2006). Agrawal et al. (2014) find that entrepreneurs are more likely to employ crowdfunding in spaces/places where access to other forms of financing are reduced (for example places where bank branches are limited in number, or where home prices are depressed, making home equity loans less valuable or other places and neighborhoods that are deprived of traditional funding). Along similar lines, Burtch and Chan (2015) note that when it comes to paying patient bills, individuals are more likely to use crowdfunding platforms when they reside in geographies with reduced home values (and thus have access to low credits). Thus, they also discuss the importance of geospatial proximity to a project location, and how this influences investors’ willingness to support a crowdfunding campaign.

In light of current down-trending of economy, this is likely to become a desirable alternative to traditional forms of start-up financing, enabling and preparing them for bigger investments (Hemer 2011). Crowdfunding also develops networks for investors that may eventually become stronger than traditional models since the investors share same passions and interests and are participating for fun (Lambert and Schweinbacher 2010). In their analyses, Lambert and Schweinbacher (2010) also found that a majority of investments were passive, i.e., they had the promise of compensation without direct involvement in making decisions. Potential investors in such activities are not professional financiers and require less information in terms of the source and quality of information. Thus, the relationship is ultimately about trust and human contact rather than other forms of finance (Lambert and Schweinbacher 2010). The effect of these crowdfunding efforts, however, may also differ based on the type of geographic location. Mollick (2014), for example, finds significant disparities in fundraising outcomes across different types of geographies that is quite dependent upon the socio-economic attributes of the neighborhoods, along with the degrees of personal networks and quality of projects being funded. Thus, in many ways, this analysis will contribute by analyzing these patterns at the neighborhood scale and their variations across various neighborhoods of Detroit.

2.3 Kickstarter

Kickstarter is a platform where initiators of projects present campaigns online to fund creative projects by offering rewards to raise money from potential founders. The organizers of the site look for projects that have a clear goal in mind. The project must fit into one of the following Kickstarter categories: art, comics, dance, design, fashion, film, food, games, music, photography, publishing, or theater (HT2). They look for projects that can be completed and do not require maintenance thereafter. Kickstarter has been in business since April 28, 2009. The projects funded through Kickstarter have to operate on
an all or nothing approach. Cities looking to attract development to downtowns frequently use art-based strategies. In the words of the founders on their blog:

“Kickstarter is a way to break beyond the traditional methods-loans, investments, industry deals, grants-to discover that we can offer each other value through creation without a middleman dictating the products and terms.” (Grodach 2010)

2.4 CROWDFUNDING AND TRADITIONAL PROJECTS: ROLE OF SPACE, PLACE AND DEMOGRAPHY

Scholarly work concerning crowdfunding projects has acknowledged the role of demography in community-based initiatives and in creating place identity (e.g., Agarwal et al. 2015, 2014; Boudreau et al. 2015; Burtch and Chan 2015; Burtch et al. 2014; Hemer 2011; Howe 2006; Mollick 2014). Jane Jacobs’s (1961) seminal book The Death and Life of Great American Cities had significantly influenced urban planning by introducing the idea of place, which later also paved ways for other place-based studies, including Richard Florida’s The Rise of the Creative Class (2012, 2003). While Florida links the rise of the new creative class vis-à-vis with the significance of the three Ts (tolerance, talent and technology) as crucial in place-making, what is interesting is that both scholarly works, Jacobs’s and Florida’s, even though decades apart, profoundly discuss the where, how and what types of communities that get created which connect the local and the regional economy to a great extent. While Florida’s nuanced attribution to demography in terms of race, ethnicity, sexuality and diversity is obvious from his use of diversity index when ranking the American cities, what is also important is Florida’s ideas on how the basic economic functions of the new, creative class in contributing and creating new ideas and new technologies. Florida, as such, illustrates the importance of place where the creative class is attracted because of its characteristics, and not simply because of their job. The creative class is interested in opportunities for social interactions, the diversity and authenticity of a place, and the quality of a place that uniquely identifies with it. In short, place has a profound impact on the types of talent that it attracts (Florida 2012, 2003). As such, the concept of place and place-making is increasingly gaining importance. Many regions across the USA now sell the attractiveness of their region(s) by using the concept of creative class. McGranahan et al. (2011), for example, examined this concept in the Economic Research Services of the United States Department of Agriculture, and found that in several counties across the US, employment in creative occupations was positively correlated with employment growth in both metropolitan and non-metropolitan counties (2010). These are quite different compared to the attractiveness of a place that is bound by traditional jobs such as the rust-belt regions of the USA, including Detroit that suffered as well during the post-1970s industrial restructuring and from the demise of the General Motors and numerous other domestic car manufacturing giants (see Levine’s 2000 discussion on Black poverty and gentrification in rustbelt’s Milwaukee metro region and the effects of economic restructuring as felt by residents in Greater Detroit metro area—illustrated in documentary Roger and Me (1989) by Michael Moore).

The word ‘place’ itself can harbor a variety of meanings. In one of the first studies on emotional attachment to place, Yi Fu Tuan (1974) said that undifferentiated “space”
becomes “place” when we start to know places better and endow them with value. Places acquire deeper meanings through building of sentiment and experiences (Manzo and Perkins 2006), thus holding special meanings psychologically as well. Manzo and Perkins (2006) also notes that residents who are more attached to communities have higher levels of social cohesion and control, less fear of crime, and support visible signs of neighborhood’s revitalization. Thus, community place attachment can manifest itself in feelings of belongingness to one’s own neighborhood. Rootedness puts place attachment in larger context meaning that a person is not just a product of individual processes, but also external social processes (Manzo and Perkins 2006). Psychologists suggest that our thoughts, feelings, and beliefs about a place are an intra-psychic phenomena that also impact our behavior toward a place and influence where and how we participate in planning various efforts such as, emergence of new products, industries, and jobs (Manzo and Perkins 2006). Markussen and Gadwa (2010) indeed suggest that creative places can be cultural industry incubators where people, ideas, and organizations come together to nurture entrepreneurs, and hence places spearheading the next generation of creative workers—something also affirmed by Florida (2012, 2003). Creation of space can also be a political act. There is the “production of space” or the ways the appearance, meanings, and uses of place that are influenced by the larger sociopolitical and demographic contexts in which they exist (Manzo and Perkins 2006). Even sociopolitical terminology is sometimes rooted in space, such as “position in society”, “marginalized people”, “insider” or “outsider” (Manzo and Perkins 2006). Place attachments have meaning in the sociopolitical realm because whether a community is marginalized or empowered has an effect on how they participate in community, and this affects whether or not they feel that they have a right to a place and the bargaining power (Manzo and Perkins 2006). Similar things have been suggested by other scholars too (e.g., Mollick 2014).

3. RESEARCH DESIGN

3.1 SITE SELECTION

This study focuses on crowdfunded projects funded in various neighborhoods of Detroit that also offered a potential to benefit the community at large. The projects identified for detailed analyses here include those that promoted community involvement. Kickstarter projects were chosen for this study because of its focus on creativity with a definite beginning and end. Though Detroit had many more projects, in this analysis we only chose those that met the above criteria. Short descriptions related to the chosen projects were copied and pasted from the Kickstarter website (www.kickstarter.com) which were later categorized based on their emphasis: Art, Design, Fashion, Film, Food, Games, Music, Photography, Publishing and Theater.
3.2 Methodological Steps

Since crowdfunding is a relatively new form of funding, with very less research done on this concept (also see Boudreau et al. 2015), we take a multi-step methodological approach to complete this task. First, we collect raw data for projects from the Kickstarter website that help us gain insights into specific types and characteristics of projects initiated and funded during April 2009-July 2012 across various cities and urban areas in the whole of USA. Since these projects occurred in cities, urban areas, and metropolises, these needed to be standardized with regards to their population to gain better perspectives of the community and population-based initiatives. Next, we also download the cities listed in the creative-class index, as summarized in Florida’s (2012) ranking of various urban areas. After putting these three lists together side-by-side, we analyzed the data to glean for broad patterns, specifically identifying the cities/urban areas that ranked on the top across all three categories. Detroit and New Orleans ranked among the top five when raw numbers of projects (Table not included here and can be provided upon request), but they both dropped down to 18th and 28th in the normalized-population rankings, whereas none of them ranked in the top 50 in the creative class index ranking per Florida’s (2012). Using this is as the first step, we decided to select Detroit and New Orleans for further in-depth investigation. Given our familiarity and professional contacts with few Kickstarter projects in Detroit and New Orleans, we decided to move forward with conducting detailed investigation with the project initiators in Detroit, Michigan and New Orleans, Louisiana to gain in-depth insights of these projects. In part, we were also interested in these two locations for further study as both these cities are similar with regards to overall levels of distress experienced by both [frequent natural disasters in New Orleans and economic downturn of Detroit], along with their notoriety with race-based discriminatory practices in Detroit particularly (see Darden and Kamel 2000; Darden et al. 2010; Grady and Darden 2012). While in-depth analyses using mixed-method approaches were completed in both these areas, in this paper we only discuss the role of community-based initiatives and crowdfunded projects in the city of Detroit, given the overall context of its depressive economy and the historical waves of economic transitions since the 1960s. Concerning the quality of data collected, using our mixed-methodologies, we want to bring to readers’ attention that our original plan was to collect data on the funding amounts for all the projects we interviewed (or attempted to cover through surveys and interviews). However, those questions created more of a friction with our participants who hesitated in sharing such information, and several respondents who had initially agreed to participate in this survey dropped out of the process and/or eventually never responded back. Henceforth, given the limitations of time constraints in accomplishing the project’s goals, and the fact that the aim of this project was to examine

3 The creative class index has been widely used to measure the prosperity and economic growth of an area. Inspired by this measure the governor of Michigan instigated a “Cool Cities” campaign across the state.
the larger processes facilitating these new types of community-based initiatives, our methodology thereafter focused on the process rather than the financial aspects of these projects. We believe that the responses shared by the initiators of these crowdfunding and crowdsourcing projects fleshed out interesting insights about Detroit’s neighborhoods and urban demographics and the roles they served in creating sustainable urban communities within the context of contemporary times when state budgets and public sources of funding are under attack.

Interviews offered many advantages, especially when examining a relatively new phenomenon like Kickstarter. Interviews are valued in many disciplines as a good primary research tool when there is need for an initial examination of something that has not been previously investigated (Hay 2000; Kee and Thompson-Hayes 2012). General queries in the surveys and interviews gathered basic demographic information such as age, gender, race/ethnicity, income, education, etc., and whether or not they were residents of the cities where the projects were located; qualitative in-depth queries investigated the motivations for initiating these projects, their geographic locations, and their broader outreach and effects on the larger community.

Given the newness of this idea and the projects (see discussions in Boudreaux et al. 2015), along with the difficulty of attaining responses, out of a total of six completed interviews, three were online submissions through the survey link whereas the other three were digitally recorded skyped-interviews. Out of the six, only two projects were from Detroit while the remaining four were from New Orleans. The information recorded were transcribed and analyzed to extract common themes matching the project’s research questions. The interview and survey results were organized along themes to help focus on the research questions. Major parameters included: Who/Initiator, Place Factor, Community Needs/Effects, Promotion, Non-Government Funding, Disinvestment/Freedom, and Why Kickstarter. To supplement this information, we also added demographic and socio-economic data from 2006-2010 American Community Survey to gain better insights into the neighborhood characteristics where these projects were initiated.

### 3.3 STUDY AREA: BRIEF INTRODUCTION TO DETROIT

Detroit, the most populous city in the State of Michigan, is also the largest city on the United States–Canada border, and has a total metropolitan population of 5.3 million people (2010 Census). It emerged as a significant metropolitan region within the United States during the early 20th century, and this trend only hastened in the 1950s and 1960s, with the construction of a regional freeway system. However, since the economic restructuring of the 1970s and the 1980s, Detroit has suffered through major economic setbacks from the collapse of the auto industry along with their recent filing for bankruptcy that has further created a gloomy and depressive situation for the people there. Besides poverty and economic distress, Detroit is also the most segregated mid-sized metropolis in USA (Brown and Sharma 2010; Darden and Kamel 2000) and the nature of poverty and health deprivation, particularly for Blacks in the city is one of the worst among most American metropolises (Darden and Kamel 2000; Grady and Darden 2012). While scholarly work suggests that African American communities in Detroit
have shown strong community network and efforts, without much immediate benefit in socio-cultural purposes, the mere existence of such community-networks made this a promising city to conduct a deeper analysis along aspects of community-based initiatives. Detroit has also undergone a major shift in population in the last 10 years. A study prepared by the Center for Economic Development at the Levin College of Economic Affairs at Cleveland State University outlines key information about the area. During 2000-2010, there was an overall decrease in the population in Wayne County where the city of Detroit is located. The county lost 11.7% of its population and Detroit lost 25% of its total population. Despite this population loss, much of the workforce of Detroit region retained both education and skill. Among those 25 years and older, the educated and skilled workforce in the Detroit region is greater than that of Michigan overall and at par with the United States statistics. When Detroit region is compared with the entire State of Michigan, the percentage of educated and skilled workforce 25 years and older is 17.3% to 15.6% respectively (Piazza et al. 2012).

Concerning economic prosperity, Detroit’s per capita income declined by 6.4% during 2000-2009 whereas it grew by 4.9% for overall USA (Piazza et al. 2012). In 2010 the poverty rate in the Detroit region was 16.3%, slightly higher than the national poverty rate of 15.3%. Measures of industry and economy until 2000 were mostly in line with national numbers. Since 2000 there was a 13.9% decline in gross product in Detroit compared with 27.2% growth nationally (Piazza et al. 2012). The waning automotive cluster left behind twice as many engineers in the Detroit region as the national average. Other clusters remaining besides the automotive cluster include advanced manufacturing, alternative energy, life sciences, and defense (Piazza et al. 2012). Additionally, there is entrepreneurial support in the form of business incubators and microfinance firms. According to a study by the Kaufmann Foundation in March 2010, four of the major business incubators in the Detroit region created more than 1 000 jobs and invested $18 million in start-up companies. There is also an informal entrepreneurial movement in Detroit that use social media networks to connect people with one another to formulate ideas. In addition, the venture capital received by companies in Wayne County increased from $700,000 in 2007 to 39.5 million in 2011. Between January 2007 and December 31, 2011, a total of 21 164 patents were filed in Wayne County and 56% of these had assignees from the Detroit region (Piazza et al. 2012). Though Detroit has suffered from population loss and economic decline, potential remains in the city and Kickstarter may be one more way to achieve these potentials. This analysis discusses a few of such community-based initiatives that help achieve sustainable local development.

4. ANALYSES AND FINDINGS

4.1 DECENTRALIZED DANCE PARTY

The Decentralized Dance Party’s (DDP) goal was to further the frontiers of partying, bring joy to millions of people and ensure that partying is respected, legitimized, and forever enshrined as a spiritual movement of paramount importance. The DDP also proved to be a social experiment demonstrating that large numbers of people of all ages,
cultures and social groups can come together and celebrate life. The project had started in Vancouver, Canada in 2010 when Vancouver had hosted the Winter Olympics, starting with 20 people which now has increased to 20,000. After the Olympics, the DDP went on the road labeling the tour the 2010 “Party Safari” going to 7 cities from coast to coast in Canada. The 2nd tour, “The Strictly Business Tour” is the one that included Detroit, and used Kickstarter for funding. Funding was sought on Kickstarter for a 13 city US tour that included Detroit. The estimated cost was $1,000 per city and funds were used for renting a motor home for travel, boom boxes, gas, and batteries for the boom boxes (HT3).

Table 1. Kickstarter Projects in Detroit, Michigan

<table>
<thead>
<tr>
<th>Kickstarter Project</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decentralized Dance Party</td>
<td>Mobile dance party that began in Vancouver raising money for a US world tour that included Detroit.</td>
</tr>
<tr>
<td>A Day with the Homeless</td>
<td>Project to expose how the homeless in Detroit experienced a day.</td>
</tr>
</tbody>
</table>

4.2 A DAY WITH THE HOMELESS

A Day with the Homeless project gave homeless men and women disposable cameras to document their life for one day. The recruitment process entailed displaying posters around the downtown of Detroit to inform and recruit participants. Breakfast was provided for the participants, and once the subject agreed to participate, the initiator took a picture and discussed the details for the return location of the cameras. Participants were paid $15 for their efforts. The finished product from this endeavor was a poster containing 1,120 photographs. Kickstarter was used to raise funds for the purchase of these 35 cameras, the cost for developing the photographs, rewards for the homeless participants, and large format printing of the poster (HT4).

4.3 PERCEPTIONS OF SPACE AND HOMELESSNESS

Projects examined varied in their objectives. In the case of A Day with the Homeless, the selection of location was important as the meeting place for picking up the cameras had to be a central well-known location, characterized usually as a “homeless-hangout”. Also, the statue of ‘Hazen S. Pingree,’ a former mayor of Detroit who had fought for human rights and against corporations was located there. This project’s initiator was disgruntled with the reluctance of the local government to recognize the plight of the homeless or even to recognize them as humans. He had also relayed their willingness to cozy up to corporations in their efforts to revitalize the city. This meant that having the project centered where there was a representation of a government official who fought for human rights and against corporations then became especially poignant in light of his view of the present situation and the significance of place and space in the context of local economy. Detroit, in particular, inspired excitement about what was on the horizon. Though the Decentralized Dance Party went all over the country and is not a permanent fixture in Detroit, the initiator of this project conveyed great enthusiasm for the city, commending the amazing vibe in Detroit, and was absolutely convinced that a huge community would
soon be moving there to take advantage of the cheap housing and redevelopment to create their own scene and identity. He believed that there was not much of the culture or a “good scene” in his city of Vancouver in comparison to Detroit. Alternately, the initiator of A Day with the Homeless grew up nearby in the suburbs of Detroit. Though he talked of not being allowed “down there” as in downtown Detroit, he knew he wanted to move to downtown Detroit at 18, did so to attend the school, and he spoke of the “good people” and the awesome art community that worked together in Detroit. He mentioned the existence of ‘a community’, and that everyone in Detroit wanted to be there when the city became prosperous again.

4.4 COMMUNITY NEEDS AND COMMUNITY EFFECTS

Upon being asked about the effects of projects on communities and their reactions toward the projects, a common theme that emerged in all the responses indicated collaboration and networks created through the Kickstarter projects. From A Day with the Homeless two other projects emerged and both were focused on homelessness in Detroit. One project called Homeless Humans of Detroit involved making enlarged photographs to place on abandoned buildings in Detroit to raise awareness. A second project focused on photographs and stories about teenage homelessness. The Decentralized Dance Party, which encompassed many cities, used only Facebook for promotion to generate interest for cities to attend. 

Culture and the arts are also important players in the making of a place. Art has been used to engage and build communities and address root causes of persistent societal problems. Despite this work that happens at the grassroots level a majority of funding for the arts goes to large organizations with budgets exceeding 5 million dollars (Sidford 2011). Crowdsourcing and crowdfunding provide enormous potential to offer alternatives to this misallocation of funding. Previous studies have examined crowdsourcing and crowdfunding in terms of the motivations that people have for devoting time and money to projects or ideas. There have also been examinations of networks created through crowdfunding and crowdsourcing (Hemer 2011). In fact the studies conducted so far show that many participate in crowdsourcing and crowdfunding because of a desire to serve some benefit to a larger community as well as a sense of ownership (Agarwal et al. 2015; Howe 2006; Mollick 2014). This sense of ownership and the creation of networks can go hand in hand with investment in communities and creating places of rootedness. However, this study is one of the first to gather raw data from a crowdfunded site to examine the relationship of these three complementary elements with how individuals in communities engage these tools to carve out places for themselves and others geographically. This study is unique in its approach of examining a distressed city of Detroit, and for its empirical examination of community-based projects. If projects continue to appear in these and other distressed cities perhaps it can tip the balance from the uneven allocation of grants (Sidford 2011) to cities and neighborhoods that have demonstrated need and support and are seeing results from crowdsourced and crowdfunded projects. 

Yi Fu Tuan (1974) said that spaces become places when they are endowed with values. Crowdfunding quite literally provides community members the opportunity to
endow places with values through their monetary contributions to projects with a potential to improve communities. The creative class, largely been singled out by Richard Florida as a barometer of desirability and cities, have taken note of using this measure to attract talent to their cities. This study looked at several places (all are not covered in this paper) in light of the new democratic resources that have the potential to give new voice to how people interact with their cities and communities. It found that crowdfunded projects were occurring in cities not deemed creative class and in fact were occurring in two of the most economically challenged cities in the contemporary history of this nation. This analysis suggests that people have been engaging in such activities in the greatest numbers in cities that do not appear in the top of Richard Florida's creative class index (based on US-wide analyses, table not presented here). One of the main criticisms of Richard Florida’s creative class measure is that it has been adapted as a quick, palatable fix for cities by city leaders, which eventually also escalates issues pertaining to gentrification. This runs counter to the authenticity that Richard Florida says that the creative class craves. The initiator’s aversion to Vancouver and citation of Detroit as a burgeoning arts community may tap into something larger. The appeal of Detroit, even though not at the top of the creative class per Florida’s categories, yet created authenticity in a more true sense — something that is organic and community-motivated. Since initiators are not bound by grants and have the monetary votes of supporters, this seems like a more viable and a better way to build communities without bringing financial ruin to some residents or glossing communities over without gaining grassroots support. Ideally, a more detailed and systematic research in the future would incorporate in depth-interviews with supporters and initiators of such projects which would enhance our understanding of the community members and their access to the information and technology that might be required to initiate and sustain such projects. In addition, by using tools such as neighborhood reconnaissance and ethnographic studies, one could examine neighborhoods to gage the effects of such projects. All of the projects surveyed in this study solicited relatively small monetary amounts. Projects that use modest spending might indicate small, incremental, and organic change.

4.5 GRANTFUNDING

The types of projects that are being implemented in Detroit are less traditional and less likely to be funded through traditional avenues like state money and/or public grants, and are generally occurring in Black/diverse and impoverished neighborhoods that may be overlooked when traditional funding for grants are distributed, especially as such communities lack power or representation. Funding was sought from Kickstarter because of an aversion to the constraints presented by grants or it was needed to replace, supplement, or enhance received grant funding. The projects in Detroit exhibited their independence and do it yourself spirit. The initiator of A Day with the Homeless spoke of the bureaucratic grant application system. He valued Kickstarter because he wanted to know that people were donating directly to see this project funded and did not want to take money from the government or a rich family to see the project realized. The founder of the Decentralized Dance Party had applied for typical grants for various projects and all of those were rejected. He felt that Kickstarter allowed those that were hardworking
and deserving to receive funding. Kickstarter is not the only crowdfunding site. Initiators liked the aesthetics of the site and were the most aware of Kickstarter and had not considered the other sites. Though largely democratic, there is a vetting process before a project makes it to the site and one participant appreciated this aspect of the site. The scope for creative freedom via this method of funding was very important to him. In his own words, “We’ve potentially been able to go after corporate sponsors to fund these things if we wanted to, but we prefer the crowdfunding model to keep it totally organic and we won’t be beholden to anyone or advertising anything or have to compromise any of what we’re trying to create and achieve so it’s pretty awesome that that’s a possibility now because of crowdfunding. Being able to maintain total creative control and ownership and not have to be advertising some shitty energy drink or toxic snack food to be able to do what we do.”

4.6 BROAD SCALE ANALYSIS

This analysis found interesting relationships between the socio-economic and demographic characteristics of the projects’ neighborhoods which happened to initiate in ethnic and impoverished neighborhoods that may have been overlooked by traditional sources of funding. After analyzing the geocoded projects and collating them with the 2008-2012 five year American Community Survey (ACS), it appeared that there were 10 projects in Detroit, though mapped projects (Table 2) do not represent all of the above mentioned projects where interviews were conducted, and since the Kickstarter projects were for 2009-2012 duration, analyzing and assessing the overall socio-economic and demographic background made sense by using the 2008-2012 ACS five year estimates. The mapped variables included Poverty Status, Median Age, Median Household Income, and Race -Hispanic/Latino origin.

Concerning the socio-economic and demographic context of the projects’ locations, there were some interesting findings. The demographic composition of Detroit constituted of 10.6% White, 82.7% Black/African American and 6.8% Hispanics/Latinos. The median household income for Detroit is $26,955, with approximately 38.1% people below poverty. Concerning the median age, a majority (7 of 10) projects occurred in areas with a median age of people in 21-35 years (Figure 1-top); three occurred on the borders of tracts with the highest two age brackets (46-60) and (36-45) years. Concerning the socio-economic context, four projects occurred in census tracts with the lowest income-categories ($10,000-20,000) (Figure 1-Middle) while other four occurred in the second lowest income-category ($20,000-40,000). Concerning poverty rates in the projects’ locations, one was in the least poor area (poverty rate of 0-25%), four were in 26-43% poverty ratio areas whereas one was in poverty rate of 44-75% (Figure 1-Bottom).
Table 2. Mapped Kickstarter projects (Detroit)

<table>
<thead>
<tr>
<th>Kickstarter Project</th>
<th>Category</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. 5 for 5e Gallery</td>
<td>Art</td>
<td>Looking to expand and purchase software and supplies for adding digital media creation to summer programming. <a href="https://www.kickstarter.com/projects/951528346/5-for-5e-gallery-support-youth-arts-programming">https://www.kickstarter.com/projects/951528346/5-for-5e-gallery-support-youth-arts-programming</a></td>
</tr>
<tr>
<td>10. Spirit Farm Awesome Upgrades</td>
<td>Food</td>
<td>Final touches on cob oven and chicken run project of Soup at Spaulding, weekly dinner that seeks to get local projects up and running while supporting rehabilitation of Spaulding Court. <a href="https://www.kickstarter.com/projects/spauldingcourt/spirit-farm-awesome-upgrades">https://www.kickstarter.com/projects/spauldingcourt/spirit-farm-awesome-upgrades</a></td>
</tr>
</tbody>
</table>

Concerning the racial/ethnic attributes of project locations, they mostly occurred in areas with lower shares of “One Race-White” population (Figure 2-Top) — with six in 0-
20% white and one in 21-50% white neighborhoods. Detroit has traditionally had higher percentages of African-Americans, and this was obvious in the census tracts where Kickstarter projects were located (Figure 2-Middle); five of the projects occurred in areas that had the highest percentage of Blacks (81-100%), one in the highest percentage (Blacks 51-80%), and one with the lowest level (Black 0-20%). Concerning Latino presence, nine projects occurred in areas with only 0-5% Hispanics (Figure 2-Bottom), one on the border of (0-5% Latinos) and one the in highest percentage (16-40%). This is not surprising given most diversity in Detroit comes from the historical presence of Blacks rather than Latinos. The mapped Kickstarter projects in Detroit appears to be generally occurring in youthful areas (age group 21-35 years), low-income (median income of $26,955) and high-poverty neighborhoods (poverty rates of 38% approximately), with only 10.6% of projects in “One Race White” only, and none in areas with white presence above 51%. The percentage of Blacks in Detroit is 82.7% and this was also reflected in locations of the Kickstarter projects. Projects occurred in areas that reflected the overall higher percentages of Blacks, and since only 6.8% of Detroit’s population is Latino, it is not surprising that projects were almost non-existent in Latino areas. In addition, the household income of the project initiators’ varied between $20,000-39,000 and all the projects occurred in areas with incomes below $80,000, with none in neighborhoods with income above $40,000. Most initiators noted that their promotion was mostly local through Facebook, word-of-mouth, local websites, and fliers.

5. CONCLUSIONS AND POLICY IMPLICATIONS

In the beginning of this paper, we referenced to a pie shop in Greensboro, Alabama that began as a neutral place for a community to come together for pie and conversation. This project formed the motivation for this paper that investigated the new form of financing – the crowdfunding and the role that it plays in building sustainable and localized community initiatives. While we began with examining projects from all over the United States that was beyond the scope of current paper’s focus, in-depth investigation of Detroit’s two projects was important in light of its continuing economic distress over past several decades.

This analysis finds that spatial and demographic characteristics have important role in motivating Kickstarter and crowdfunding efforts. The interview with the initiator of A Day with the Homeless reflected his enthusiasm for Detroit, particularly concerning the energy that permeated Detroit, referencing it as an “awesome art community.” Though he did not know everyone in Detroit’s art community, he indicated he might at least know “of them” – imparting the sense of belongingness which is very important in the art community. The connections that are formed at this finer scale of geography through Kickstarter initiatives may prove as an effective way to build networks. As was the case with A Day with the Homeless, a small number of these projects may inspire more of the same types. Small-scale projects do agglomerate and create an environment and enthusiasm for a larger movement creating more such initiatives at broader scales.
Figure 1. Detroit median age (Top), median household income in US dollars (Middle) and percent below poverty (Bottom)
Figure 2. Detroit percent White (Top), Black (Middle) and Hispanic (Bottom)
Interesting features of the initiators included levels of motivations and young age, including an inclination for the arts. Our interview with the initiator of *A Day with the Homeless* suggested his involvement and familiarity with the community were important ingredients; his main concern was not to gain recognition for his project, but the way the city ignored the homeless and his disdain toward the corporate structure that was continuously promoting new development while ignoring the homeless. The filmmaker who brought the *Decentralized Dance Party* to Detroit had been a tour manager for a band at one point. His experience of fronting money for the band and then not having enough people show up to cover the cost of the show reinforced the appeal of *crowdfunding* which indirectly also ensured participation and group responsibility toward a commitment. He was the most excited about this new platform as well as the new form of currency—the “bitcoin.”

In terms of overall types of Kickstarter projects, Detroit had 22 projects in the art, 6 in food, 2 in photography, 3 in design, 1 in game, 1 in theater and 1 in music (Appendix A). When a subset of all of the above locatable Kickstarter projects from the original projects (Table 2) were mapped in Detroit, most projects fell in the general category of the Art, with most occurring in the two lowest-income neighborhoods; the two Food projects occurred in the 2nd lowest median income category ($20,000-40,000) and also in the most impoverished areas (poverty rates of 26-43%); one Design project occurred outside of the cluster of Art projects, at the edge with greater Hispanic-Latino presence. The number of food projects occurring in Detroit (6) could be occurring in food deserts, suggesting a need and the willingness of communities to support such solutions. Place has been established to be important socially, psychologically, and economically.

In terms of sustainability of such community-based initiatives, the *Decentralized Dance Party* was also an expansion of an original idea: *A Day with the Homeless* was an original project, but one that inspired several others with the same nature, subject and motivation. From the anecdotal evidence provided in the interviews, it seems that the initiators are tapping into the independence and flexibility that Kickstarter projects provided. Frustration with corporations was evident, and empowerment of people and communities were promoted. With regards to grantfunding, all of the initiators had some association with grantfunding, but those relationships varied. The initiators associated with the projects from Detroit were more opposed to grantfunding.

Crowdfunding and its influence on communities are important study directions as it is a new form of funding, and cities are increasingly incorporating these types of community-based initiatives. The field of crowdfunding is constantly shifting and more sites are springing up with place-specific and community-specific ideas. Also, since the beginning of this analysis, Kickstarter has hit the 1 million dollar mark. Another recent development is the beginnings of legislation under Title III of Jumpstart Our Business Startups (JOBS) act that would allow companies to issue stocks for small investments (Jeffries, 2014). Sites like WeFunder, SeedInvest, and Crowdfunder allow for these types of investments. Kickstarter, however, has remained true to its original goal as a place where funders can support and connect with artists (Jeffries, 2014).

Crowdfunding could have large implications for planning and policy initiatives as such projects can provide impetus for community-supported projects. Both New York
City and Bristol, Connecticut have already used crowdsourcing funds to improve projects through their crowdsourced websites (Web Urbanist, 2014). Even if the size of a crowdfunded project is small, with its community’s support, it can serve as a proxy for where cities might allocate funds to such growing initiatives. The democratic and organic nature of crowdfunded projects helps gauge the types of projects the community supports, and hence such funding initiatives offer a potential to revitalize neighborhoods at a more realistic and stabilizing pace.

“Cities have the capability of providing something for everybody, only because, and only when, they are created by everybody.”
— Jane Jacobs (1961), The Death and Life of Great American Cities

Finally, we agree that the quote mentioned above speaks of the immense potential that crowdfunding can offer neighborhoods for re-vitalization, and to the whole city at a larger scale. While Jane Jacobs, through detailed observation and writing was able to get to the core of what made neighborhoods and cities great, in this analyses of micro-scale and grass-roots level initiatives in Detroit, it is obvious that a lot still lies in the hands of communities and people to make things happens. When cities are reduced to a marketing campaign, they tend to lose the very essence of what made them initially marketable. Though not all cities operate at the top of the creative class index, Detroit is proving to be a desirable place to live, recently also viewed as the ‘next silicon valley’ of USA (Katz 2015), especially for younger individuals who would like to have more of a voice in their communities and as the desire to move into such places and the adequacy of technically educated talent continues to grow for places/cities such as Detroit. This study contributes to the geographic literature through its layered examination of raw data gathered from Kickstarter, from the rich data collected from interviews with project initiators, and through the demographic information that examined community-based projects in Detroit. As more data becomes available in the near future, this groundwork can pave ways for larger and more detailed studies of place distribution of Kickstarter projects. Being mindful of the characteristics of neighborhoods that keen observers like Jane Jacobs documented, combined analyses of new innovations like crowdfunding and crowdsourcing could offer many opportunities for more people to have a voice who could eventually live and truly invest in a holistic development of a sustainable community.

REFERENCES


HT3: https://www.kickstarter.com/projects/theddp/decentralized-dance-party-party-safari

HT4: https://www.kickstarter.com/projects/549754049/a-day-with-the-homeless


## APPENDIX A

All Kickstarter Projects (Detroit)

<table>
<thead>
<tr>
<th>Kickstarter Project</th>
<th>Category</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Name</td>
<td>Category</td>
<td>Link</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>----------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>21. 5 for 5e Gallery</td>
<td>Art</td>
<td><a href="https://www.kickstarter.com/projects/549754049/a-day-with-the-homeless">https://www.kickstarter.com/projects/549754049/a-day-with-the-homeless</a></td>
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