

FY27 Capacity Building Grant FAQs

FREQUENTLY ASKED QUESTIONS

1. Which funding track should I apply for?

The **Small Business Support Track** is intended for nonprofit organizations that provide programs and services benefiting small businesses, entrepreneurs, and commercial corridors in under-resourced communities.

The **Community Growth Track** is intended for nonprofit organizations implementing programs and initiatives that strengthen neighborhoods and improve quality of life for residents in under-resourced communities.

2. My organization previously applied for the Promise Zone Grant. Which track should I apply for now?

The former Promise Zone Grant Program has transitioned into the Community Impact Track through the City of San Diego's partnership with California Coast Credit Union. Organizations that previously applied for or received Promise Zone funding should review the Community Impact Track to determine whether it aligns with their proposed project.

Organizations focused on providing programs and services that directly benefit small businesses, entrepreneurs, and commercial corridors should apply through the Small Business Support Track.

3. Can my project already be underway when I apply?

Yes. Projects may already be underway during the application period, provided the proposed work continues into FY27 and aligns with the grant period.

Funding is generally intended to support eligible project activities occurring after an application is submitted. Activities or events completed prior to application submission are generally not eligible for funding. Certain ongoing project costs may be considered on a case-by-case basis.

4. What expenses are ineligible under the Capacity Building Grant?

The Capacity Build Grant provides funding for non-personnel expenses only.

Organizations may hire consultants or contractors to complete specific project activities when appropriate. However, grant funds may not be used to compensate members of the organization's governing board, employees, or individuals performing work as part of the organization's regular staffing.

Examples of ineligible expenses include but are not limited to:

- Personnel expenses
- Funding for a project that has already been completed
- Project costs incurred after June 30, 2027
- Religious or political activity
- Programs in facilities not accessible to the disabled
- Alcoholic beverages
- Lodging
- Contributions to trusts or endowment funds, or gifts or donations
- Profit making organizations or ventures
- Penalties, fines, late fees, overdraft fees, finance fees
- Organization Fundraising (e.g., galas, golf tournaments, fundraiser mailers, etc.)

Stipends as a direct cash gift or award are not allowed under the Small Business Support Track. For the Community Growth Track, gift cards might be allowed if tied to a specific project such as an incentive to survey takers. Please contact us if you have questions about ineligible expenses.

5. Can I apply using a fiscal sponsor?

Fiscal sponsors are permitted only under the Community Growth Track. Please review the Fiscal Sponsor Guidelines before applying- www.sandiego.gov/sites/default/files/2026-09/fiscal-sponsor-guidelines.pdf.

Fiscal sponsors are not permitted under the Small Business Support Track.

6. Can my organization apply for both funding tracks?

Organizations may submit only one application. Applicants should select the funding track that best aligns with their organization's mission and proposed project.

7. What types of projects are not eligible for funding?

Examples of ineligible activities include:

- Activities or events completed before the application was submitted
- Expenses that do not directly support the proposed project
- Costs that are prohibited under the selected funding track
- Other expenses determined to be ineligible by the City

Refer to the application materials for additional eligibility requirements.

8. How are applications evaluated?

Applications are reviewed through a competitive process based on the evaluation criteria listed on the website. Reviewers consider factors such as project alignment, community need, organizational capacity, anticipated impact, project feasibility, budget reasonableness, and the applicant's track record with Economic Development Department contracts.

9. When will applicants be notified?

Applicants will receive an email within 3 business days confirming receipt of application. Following the application review process, anticipated to be completed by October, applicants will be notified of the City's funding decisions. Selected organizations will receive instructions for completing the contracting process before grant funds are awarded.

10. Who can I contact with questions?

Please contact Viridiana Quintana at VQuintana@san Diego.gov or Nick Stephens at NStephens@san Diego.gov. The Economic Development Department can be reached at sdbusiness@san Diego.gov or by calling 619-236-6700.