

NEWS

# Long Beach abruptly cuts ties with its largest homeless shelter operator after concerns over billing practices



by **John Donegan**

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A woman walks through the parking lot of a homeless shelter in Long Beach that contractor First to Serve operated until the city launched an investigation into its billing practices. Photo by Thomas R. Cordova.

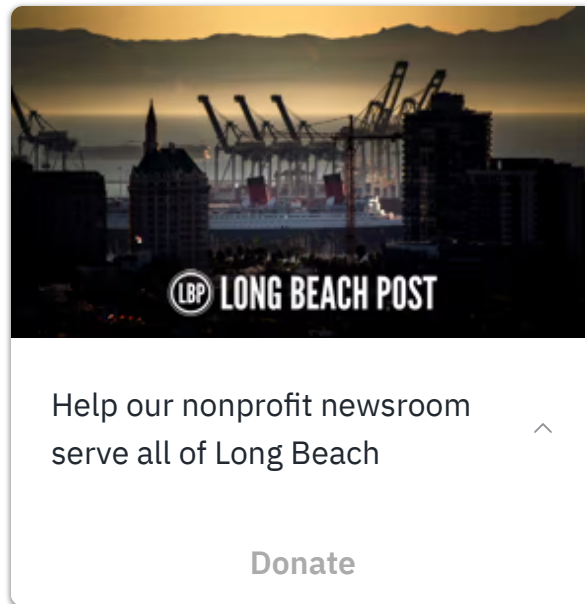
Long Beach has fired the contractor that operated almost all of its homeless shelters following an audit of the \$69 million the city has spent on homeless services over the last five years.

The nonprofit First to Serve ran 423 of the city’s 500 shelter beds until yesterday, but after a closed-door City Council meeting last month, Long Beach cut ties and quickly swapped in the L.A.-based nonprofit People Assisting The Homeless (PATH).

Long Beach is now investigating First to Serve, according to Deputy City Attorney Nicholas Masero. It’s unclear if that investigation could result in the city pursuing criminal or civil charges. Masero said that “we’ll make that determination as the investigations progress.”

The investigation stemmed from a broader review of Long Beach’s homelessness programs launched by City Auditor Laura Doud in 2023.

The audit, Masero said, looked into documents submitted by vendors like First to Serve “seeking reimbursement or payment on contracts.”



“During our audit, we identified information that requires further review,” Doud wrote in a recent memo to the city manager. “To protect the integrity of our ongoing investigation, we cannot provide additional details regarding the matter at this time, nor can we discuss our audit in greater detail.”

What she discovered, though, was enough to compel Long Beach to cut ties with First to Serve.

By November, the city began to withhold payments and started the search for a new provider after finding enough instances of “contractual concerns that we were confident we needed to switch providers,” Masero said.

Doud has not yet released the full results of her audit, but she said contractors like First to Serve must do a better job showing they've performed the work they were hired to do before they're paid, and the city needs to verify the services were actually provided before paying.

According to Homeless Services Bureau Manager Paul Duncan, Long Beach has paid First to Serve \$13 to \$14 million annually to operate four shelters, as well as for rapid rehousing and prevention programs.



Paul Duncan, Long Beach's homeless services bureau manager, informed the city's Homeless Services Advisory Committee on Wednesday, April 1, that the city had terminated contracts with its largest homeless shelter provider. Photo by Thomas R. Cordova

The organization oversaw the shelter at 702 West Anaheim St., the Atlantic Farms Bridge Housing Community at 6841 Atlantic Ave., the Project Homekey site at 1725 Long Beach Blvd., and the former Luxury Inn at 5950 Long Beach Blvd.

As of Wednesday, the sites were being operated by PATH. The city plans to release bids in the next month or two to evaluate new operators for each of the four shelters, Duncan said.

In response to the audit, the city said it's already tightening up its processes, including the launch of a new tracking system and stricter oversight standards.

There's been no official accounting of exactly what alleged wrongdoing is being investigated. According to their agendas, the City Council met in private on March 3 to discuss the situation, and then, on March 10, approved new contracts for PATH to operate the shelters without any public discussion.

On Wednesday, Long Beach officials also appeared to try to tamp down the idea that the move to fire First to Serve was related to accusations raised last week by mayoral candidate Chris Sweeney.

In a video posted to Instagram, Sweeney toured the shelter at 5950 Long Beach Blvd. and alleged there was fraud at the nearly empty shelter, where only 12 of its 78 rooms were being used.

First to Serve's other three shelters were 78% to 88% occupied, according to city data, though about one-third of the rooms at the 1725 Long Beach Blvd. site were under construction and are not being used.

Officials say the city and First to Serve met weekly to review inventory at each shelter, transfer existing case files, and do walkthroughs of each site to make sure everything was accounted for.



Mayor Rex Richardson, Councilmember Tunua Thrash-Ntuk, and other city officials celebrated the completion of the shelter at 5950 Long Beach Blvd. on Wednesday, Oct 29, 2025. Photo by Thomas R. Cordova.

In a memo, the Long Beach health director Alison King said the decision to cut ties with First to Serve was related to the city auditor’s review of “prior administrative documentation” that “is not related to shelter operations.”

Nevertheless, she wrote, “Based on the findings of that review, the City determined it is in the best interest of the community to move forward with a new service provider for shelter operations.”

The city’s investigation has been ongoing since October, according to Masero.

Nobody from First to Serve was immediately available to answer questions late Wednesday night.