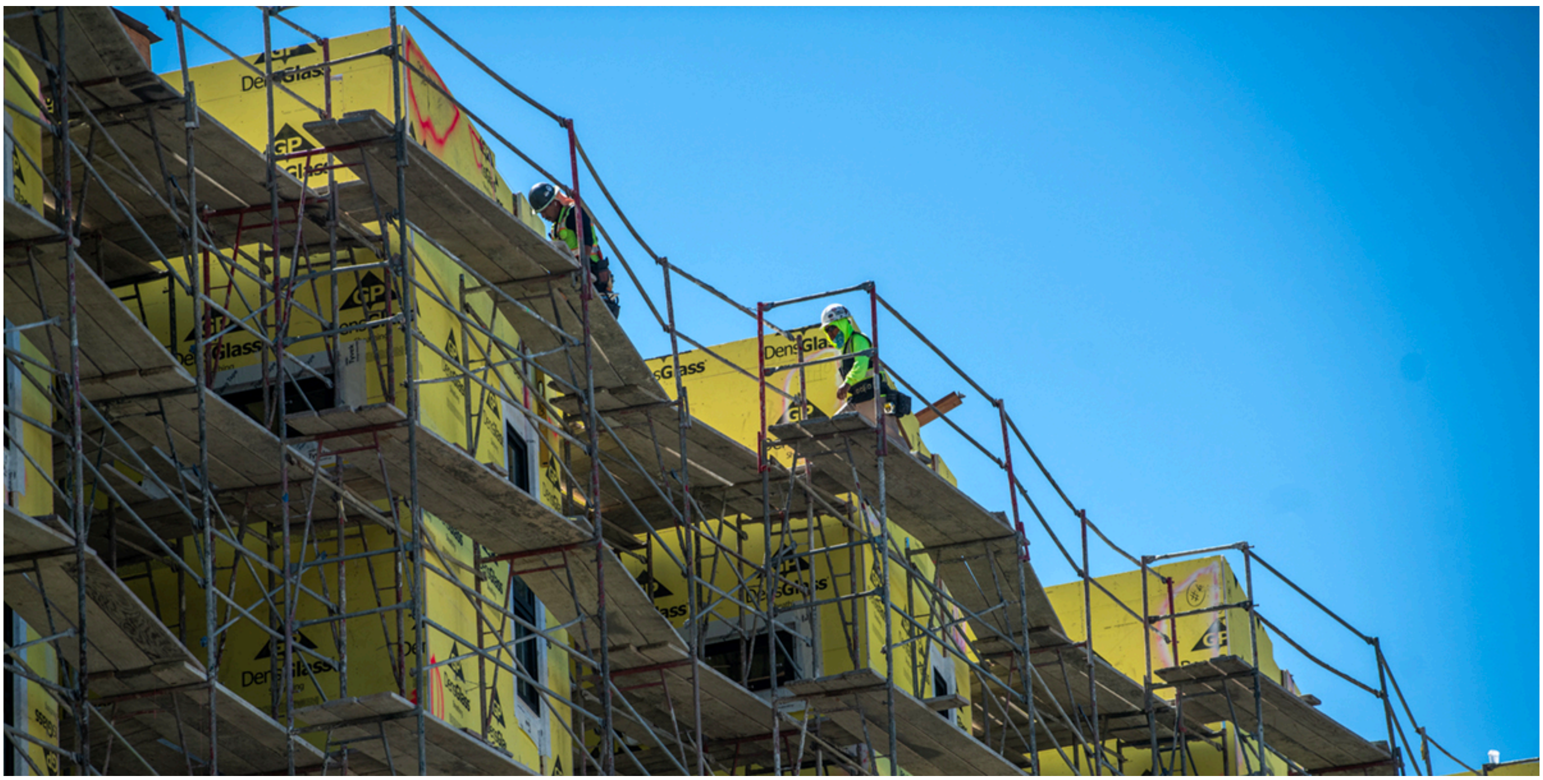
NONPROFIT. INDEPENDENT. MEMBER SUPPORTED.
LONG BEACH POST News

CITY

Long Beach chronically undercharged developers, losing millions for road, park and public safety improvements, audit says

City officials criticized the methodology and conclusions in the audit, which said they made an inexcusable oversight by not even adjusting fees for inflation.

by John Donegan
Sep 10, 2025



Construction workers are on top of scaffolding as a new housing building is constructed along Broadway in Long Beach on Tuesday, Sept. 9, 2025. Photo by Thomas R. Cordova.

The city of Long Beach missed out on tens of millions of dollars for infrastructure upgrades because it failed to raise fees charged to builders of new homes and businesses for decades, according to a new audit.

City Auditor Laura Doud found Long Beach lost at least $22 million in fees charged to developers because city departments never updated rates for inflation — something she called an "inexcusable" oversight. City management disputed the scope of this finding, saying they believe the true number is closer to between $2 million and $6 million.

The audit, released Wednesday, examined how the city collected development impact fees — a standardized, per-unit or square-footage charge placed on new construction — between fiscal years 2019 and 2024 in four service areas: police, fire, parks and transportation, which is operated by the Public Works Department.

Long Beach fees total about $7,000 for a house, $5,602 per multi-family dwelling unit and $3,491 for an accessory dwelling unit, according to the audit. Commercial, office and industrial fees are charged according to square footage.

The money collected — at almost $14.5 million in 2025 — pays for amenities meant to accommodate the development and the assumed burden brought by a growing population: new roads, traffic stops, fire trucks, sports fields or playgrounds, among other examples.

While state law allows cities to adjust these levies annually, most of Long Beach's own rates haven't changed "since inception," the audit found.

The transportation impact fee, which pays for road improvements, has not changed in 35 years, causing at least $14 million in recent inflationary losses, according to Doud. The fire and police impact fees have not been updated since they were established in 2007.

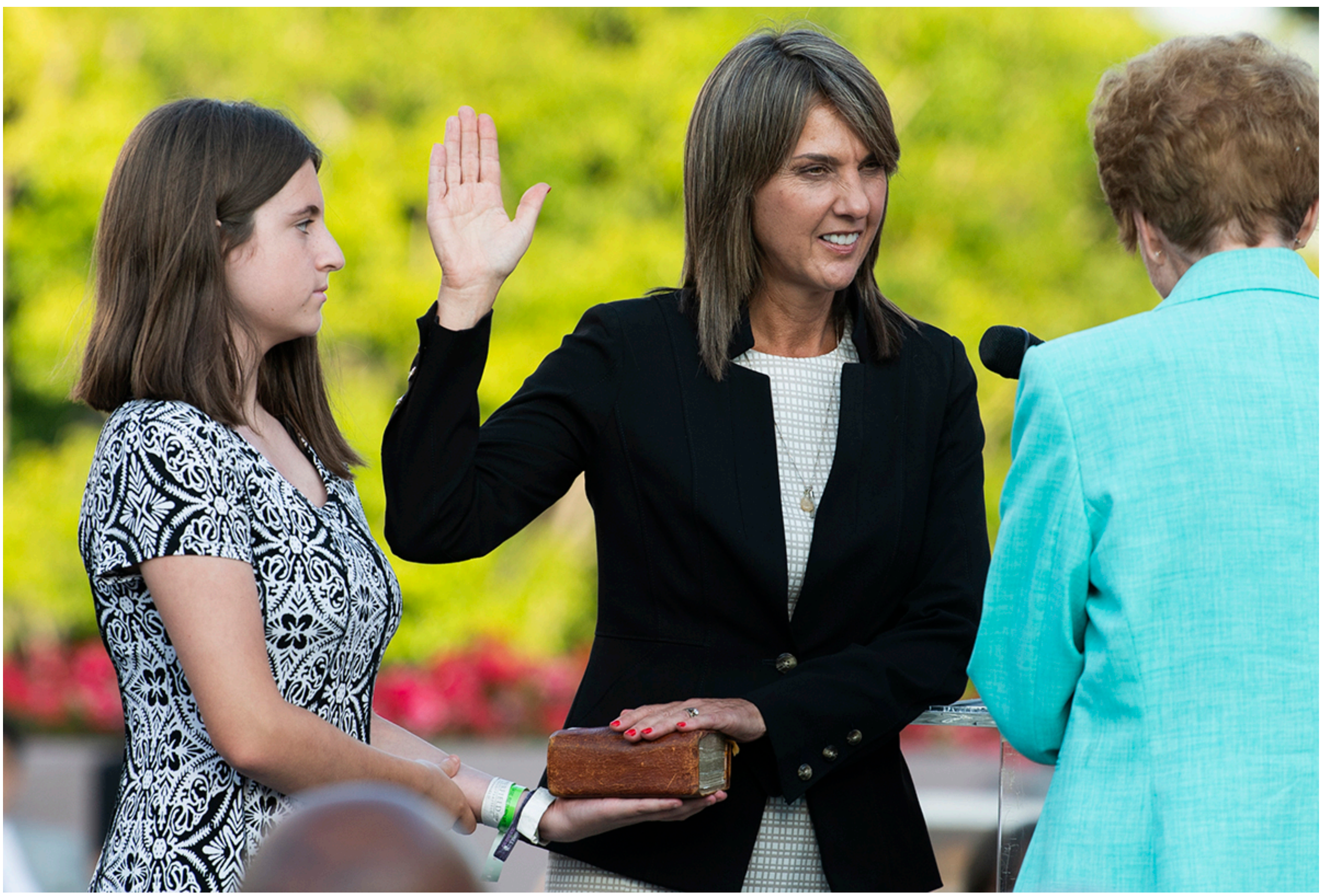
Park fees, meant to correlate with construction costs across the Los Angeles Metropolitan area, haven't changed since 2011, even as building costs countywide have nearly tripled from 1989 to 2024.

City department heads say fees were left unadjusted intentionally, as a strategy to spur affordable housing production, named a priority goal by the City Council in 2020.

From management's point of view, fees are desirable but carry some risk; the cost is borne entirely by developers and future home buyers, and drives developers to other, less expensive areas. Long Beach, they said, has won accolades for being a housing-friendly city in part by keeping fees low.

"The City's successful increase in housing production, improving housing supply, quality and affordability, reducing overcrowding, all while growing recurring revenues such as property tax, should be applauded," Financial Management Director Kevin Riper and Community Development Director Christopher Koontz wrote in a response to the audit.

Doud said this justification to keep fees artificially low was never brought up until after her audit was completed, and if true, should have been a decision made publicly by the City Council, not in private by staff.



City Auditor Laura Doud being sworn into a new term at an inauguration ceremony in Long Beach July 17, 2018. Photo by Thomas R. Cordova.

“They determined this policy; they chose to do (this) on their own,” Doud said. “If they were on top of it, and if they should have been applauded for all of the great work they were doing, it should have been applauded publicly, but no one knew what they were doing.”

The city did study whether to raise Parks Department fees in 2018 and 2022, but those reports were never provided to the public or City Council, despite city code mandating these are completed and presented every five years.

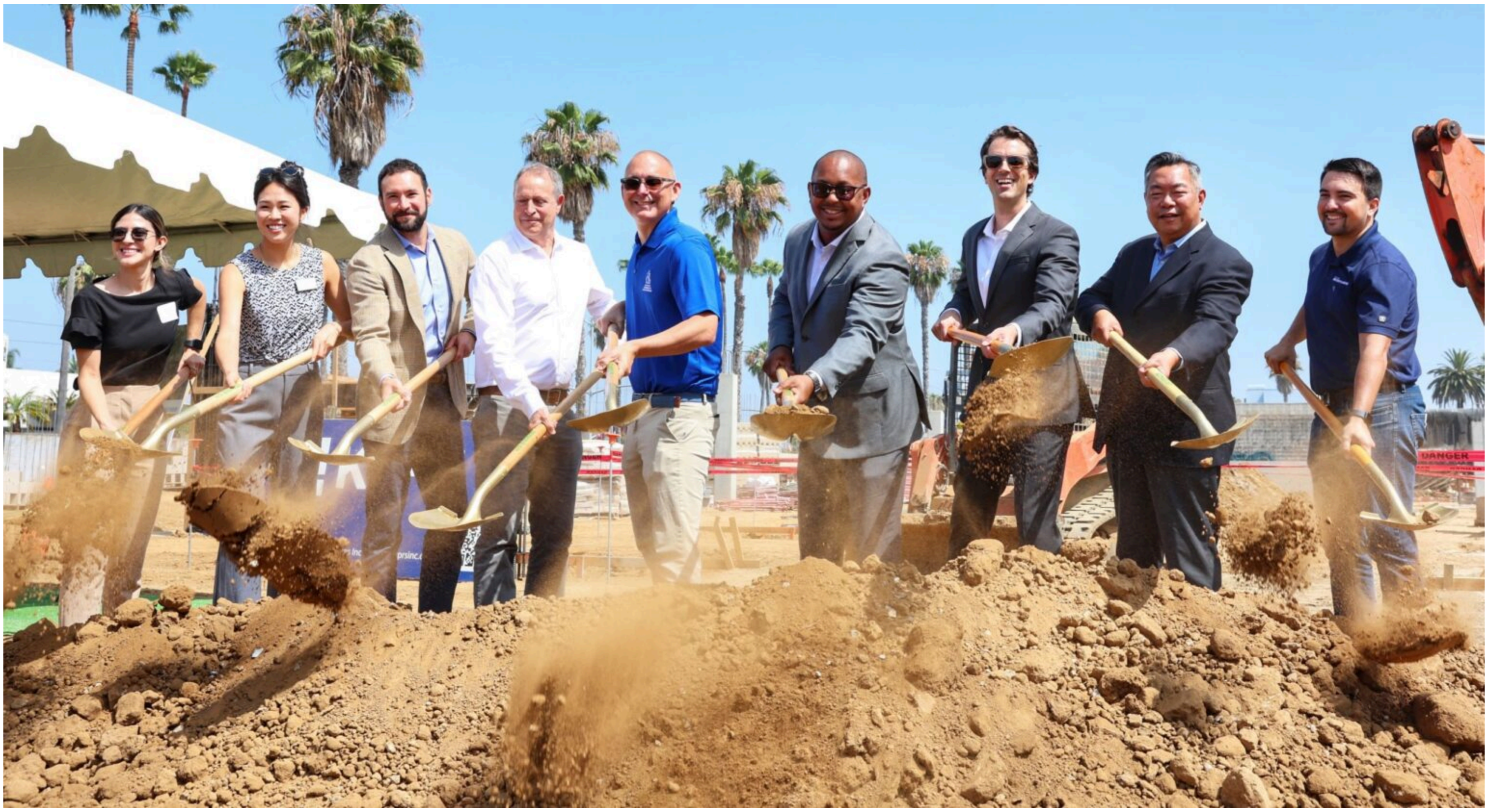
In an interview after the audit’s release, Koontz said Wednesday that the first report, finished in 2020, was not presented to council due to the onset of the coronavirus pandemic.

“I had to make a call along with the city manager, and we didn’t proceed with an increase at that time based on everything that was going on with the city and with the world,” Koontz said.

The 2022 study was drafted but never released, also a “management decision,” he said.

Other department fees have been left at leadership’s discretion, with state law coming into effect in 2022 mandating a study be completed every eight years.

Koontz said City Council members are briefed annually on the development fees, “and if a City Council member disagreed with the staff approach and the fact that they haven’t been increased, they could have made that comment on any of those annual reports,” Koontz said. “That did not occur.”



In this file photo, Long Beach Community Development Director Christopher Koontz (fifth from left) and Long Beach Mayor Rex Richardson (sixth from left) celebrate the groundbreaking of a 163-unit affordable housing complex. Photo courtesy the city of Long Beach.

Had Long Beach raised fees as aggressively as Fresno, Sacramento, Anaheim or San Diego, Huntington Beach and Oakland — cities used for comparison in the audit — it could have generated even more money. Charging an average of those cities' fees, auditors projected Long Beach to collect an additional $64 million over six years.

Long Beach rates, they found, were among the lowest in the study pool: parks fees 40% lower than Fontana, fire fees 78% lower than Fresno and transportation fees 60% lower than Sacramento and about half of Anaheim.

City management bristled at this criticism, according to Doud. In a written response that she said was unusually delayed, Koontz and Riper questioned the audit's methodology and disputed the claim that the city "forewent millions of dollars."

"As staff, we believe the impact fee program is not broken, it is working well within the context of the City and its larger budget and efforts are already underway to improve it further," officials wrote.

It’s unfair, they said, to compare Long Beach to cities like San Diego, given its square mileage is 6.5 times that of Long Beach with triple the population. Additionally, six of the comparison cities cited in the audit have grown in population at a rate six to 12 times greater than Long Beach in the past 15 years, officials added.

They called Doud’s comparisons “unhelpful” and “apples to oranges” — akin to asking why the Padres weren’t charging as much for tickets as the Dodgers.

More helpful comparisons, they said, would be to nearby cities such as Lakewood, Lynwood. Paramount, Downey and Compton, which charge either no impact fee or a small sum. Only two nearby cities, Signal Hill and Bellflower, charge more, they added.

The city ultimately agreed to all 15 of the audit’s recommendations, saying it will start adjusting fees for inflation, establish a steering committee for all departments to work out regular adjustments and create an online webpage to make this information available to the public. City code will be updated to require studies every five years.

A study of the four fees is expected to be completed before March 2026.
