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## Long Beach cuts ties with homeless services provider amid ongoing city audit

First to Serve held multiple contracts with the city relating to homeless services since 2022, operating Long Beach's year-round shelter, managing Project Homekey interim housing operations, and providing homelessness prevention services and rapid re-housing services.



The Colonial Motel on Pacific Coast Hwy in Long Beach on Friday, March 20, 2026.  
(Photo by Drew A. Kelley, Press-Telegram/SCNG)

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Long Beach has contracted with a new organization to oversee and manage homeless services at city-run shelters, according to a Wednesday, April 1, announcement, ending its relationship with nonprofit First to Serve amid an ongoing investigation by the City Auditor's office.


Long Beach has contracted with First to Serve, a Los Angeles-based nonprofit organization founded in 1996, to manage and operate its homeless shelters since 2022. But, because of "contract compliance issues" identified by the city auditor's office, according to the city's announcement, the organization has been ousted from its role.

First to Serve officials did not respond to a request for comment on Thursday, April 2.

City Auditor Laura Doud's office, alongside the Department of Health and Human Services, initiated a review of the department's homeless services funding in May 2023, according to the Wednesday evening announcement.



A blue circular badge with the word "NEW" in white, sans-serif capital letters.



More than \$69 million in federal, state, and local funding passed through the health department's Homeless Services Bureau between fiscal years 2020 through 2025, according to a summary of Doud's investigation released on Wednesday.

"The audit evaluated whether homeless service providers were fulfilling the services outlined in their contracts and whether (the Homeless Services Bureau) was overseeing these contracts to ensure the funds were spent properly," Doud's office said in a statement.

As part of that review, the city said in its announcement, Long Beach discovered "contract compliance issues" with First to Serve — resulting in the city's decision to cut off payments to the organization in November 2025 and initiate further review into the matter.

The exact nature of those contract compliance issues discovered with First to Serve, though, are currently unknown, as the city auditor's review is still ongoing and has not been fully released at this time.

"During our audit, we identified information that requires further review," Doud's office said in a [Wednesday memo](#) to the mayor, City Council and City Manager Tom Modica. "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."

First to Serve held multiple contracts with the city relating to homeless services since 2022, health department spokesperson Jennifer Ann Gonzalez said in a Thursday, April 2, statement.

The nonprofit was tasked with operating Long Beach's year-round shelter, managing Project Homekey interim housing operations, and providing homelessness prevention services and rapid re-housing services.

In total, according to Gonzalez, First to Serve was awarded approximately \$32.8 million from the city across its various contracts.

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“Due to contracts ending early, the total amount eligible to be billed is estimated to be just under \$24 million,” Gonzalez said. “These figures reflect contract award amounts and do not represent the total amount paid to First To Serve.”

While the city auditor has yet to release the full results of the investigation because it is still ongoing, Doud’s office has already provided the health department with recommendations based on the early findings on the audit.

The city auditor’s office, for example, suggested that the Homeless Services Bureau strengthen oversight of its data collection to ensure that data used to evaluate the performance of its providers is accurate.

Other recommendations for HSB included:

- Verifying complete documentation before paying out homeless service provider invoices to make sure the contracted services were properly rendered; and
- Implementing better accountability measures for HSB service providers through formal interim and year-end performance reviews across all programs.

Doud’s office also outlined recommendations for homeless services providers themselves, including ensuring that the individuals they serve are eligible for contracted programs; submitting complete and timely supporting documentation for costs they want reimbursed by the city; and providing the services outlined in their agreements with the city.

The Health Department, according to a Wednesday memo from its director Alison King, has also [taken several other actions](#) to implement the City Auditor’s suggestions.

“These actions are specifically designed to strengthen regulatory and contractual compliance, improve fiscal and programmatic oversight, establish additional financial controls, and increase overall service quality, performance outcomes and accountability,” King wrote.

Long Beach has already hired on a new organization, PATH, to manage homeless services at city-funded shelters. The city currently offers 443 shelter

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People Assisting The Homeless, otherwise known as PATH, is a nonprofit homeless services organization serving four regions, including Los Angeles, Orange, Santa Clara and San Diego counties.

PATH was already working with Long Beach before becoming its provider of homeless services at shelters, the city said, partnering with the health department to provide people experiencing homelessness with supportive housing and interim housing services.

Some of the services [PATH](#) provides, according to its website, include outreach, prevention, housing navigation, interim housing, permanent supportive housing, and more. PATH Los Angeles helped house over 3,500 people in 2024, its website said, and served about 16,500 people that same year.

The City Council took formal action to approve PATH as its new provider of homeless services at city-run shelters during its Tuesday, March 10, meeting. The council approved two separate contracts relating to PATH: One worth about \$6 million for the organization to provide operations and services at its year-round shelter programs; and another worth about \$5.1 million for PATH to do the same at the city's Project Homekey shelters at 1725 Long Beach Blvd. and 5950 Long Beach Blvd.

The organization officially took over from First to Serve on March 31, according to the city. In that time, the city said, PATH has already housed [60 people at the Colonial Motel](#).

"The city takes contract compliance seriously and, when required, we go all the way, including terminating contracts," Mayor Rex Richardson said. "I want to thank our health department, our city attorney, our city auditor and city management for all working together to identify issues and taking quick action to ensure our providers are held accountable to the standards in our contracts."

PATH, meanwhile, will continue its work to fill available shelter beds at city-run sites in the coming weeks.

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