

# Development Impact Fees Performance Audit

September 2025



## Why This Audit Is Important

Development impact fees are paid by developers to offset the additional public infrastructure and service costs caused by new development. These funds play a crucial role to help prevent overburdening City resources and ensure that new developments contribute their fair share.

The City of Long Beach currently charges seven types of impact fees, and our audit focused on four: **Fire, Police, Transportation and Parks Impact Fees**. These impact fees pay for expansion of public safety services, streets, and parks.

Despite rising inflation, three of the four impact fees reviewed have not changed since inception resulting in at least a **\$22 million** loss in revenue.

## What We Recommend

*Evaluate the current impact fee rates and program to keep up with rising costs, this includes:*



Implementing annual inflation rate adjustments



Completing an updated nexus study at least every 5 years to ensure impact fees are appropriate



Applying a consistent administrative percentage across all impact fees

*Centralize aspects of the impact fee program to improve efficiency and better serve the community, this includes:*



Creating a steering committee for Departments to collaborate, share resources, and plan for development impacts



Establishing Citywide policies and procedures for consistent impact fee management



Centralizing the City's impact fee information on a single public facing webpage

## What Happens Next?



We provided the Departments with two main findings and 10 recommendations to improve the current impact fee program. The Departments agreed to all the recommendations.





## Our Mission

To make Long Beach better through independent audits and fraud investigations

## We work to:

- Provide assurance City funds are spent as intended
- Promote transparency and accountability of City operations
- Prevent fraud, waste, and abuse of City resources



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