
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 851 (McKinnor) - Real property transactions: County of Los Angeles wildfires: unsolicited offers

Version: July 7, 2025

Urgency: Yes

Hearing Date: August 18, 2025

Policy Vote: JUD. 11 - 2, PUB. S. 5 - 1

Mandate: Yes

Consultant: Liah Burnley

Bill Summary: AB 851 makes it a crime to make unsolicited offers on residential property in specified zip codes until January 1, 2027.

Fiscal Impact:

- Unknown, potentially significant costs (local funds, General Fund) to the counties to incarcerate people for the crime created by this bill. The average annual cost to incarcerate one person in county jail varies by county, but likely ranges from \$70,000 to \$90,000 per year. For example, in 2021, Los Angeles County budgeted \$1.3 billion for jail spending, including \$89,580 per incarcerated person. Actual incarceration costs to counties will depend on the number of convictions and the length of each sentence. Generally, county incarceration costs are not reimbursable state mandates pursuant to Proposition 30 (2012).
- Workload cost pressures (General Fund) to the Department of Justice (DOJ) of an unknown but potentially significant amount. If state prosecutors file civil enforcement actions as authorized by this bill it will result in a significant workload increase.
- Unknown, potentially significant costs to the state funded trial court system (Trial Court Trust Fund, General Fund) to adjudicate the criminal and civil penalties in this bill. Defendants are constitutionally guaranteed certain rights during criminal proceedings, including the right to a jury trial and the right to counsel (at public expense if the defendants are unable to afford the costs of representation). Increasing penalties leads to lengthier and more complex court proceedings with attendant workload and resource costs to the court. The fiscal impact of this bill to the courts will depend on many unknowns, including the numbers of people charged with an offense and the factors unique to each case. An eight-hour court day costs approximately \$10,500 in staff in workload. This is a conservative estimate, based on the hourly rate of court personnel including at minimum the judge, clerk, bailiff, court reporter, jury administrator, administrative staff, and jury per-diems. If court days exceed 10, costs to the trial courts could reach hundreds of thousands of dollars. While the courts are not funded on a workload basis, an increase in workload could result in delayed court services and would put pressure on the General Fund to fund additional staff and resources and to increase the amount appropriated to backfill for trial court operations.

Background: In response to wildfires, Governor Newsom issued Executive Order No. N-7-25, which, in part, prohibited buyers from making unsolicited below market offers on

residential properties in specified Los Angeles County zip codes for less than their fair market value as of January 6, 2025. The Governor later expanded this restriction through Executive Order No. N-17-25, adding more zip codes to the list. This bill makes any unsolicited offer on a property a criminal offense, punishable by incarceration, and makes the conduct subject to civil penalties, and loss of licensure. Research shows that lengthy criminal sentences, which are costly to state and local governments, do not effectively deter crime. In general, the certainty that someone will be punished for an offense plays a larger role in deterring their criminal activity, rather than the length of their potential punishment.

Proposed Law:

- A buyer shall not make an unsolicited offer to purchase residential real property in specified ZIP Codes in Los Angeles County.
- Prior to the transfer of title, the buyer and seller shall execute a written attestation affirming that the real property sales contract was not entered into as a result of an unsolicited offer.
- A county recorder shall require the signed attestation to be attached to the deed or other conveyance of title as a condition of recording the transfer of title.
- A person licensed pursuant to the Business and Professions Code who makes a written offer on behalf of a buyer shall be deemed to have violated that person's licensing law.
- The Attorney General, a county counsel, city attorney, or a district attorney may bring a civil enforcement action.
- A seller has the right to cancel a real property sales contract entered in violation of these provisions, exercisable until four months after the date of execution of the contract.
- A person who violates this section may be assessed a civil penalty not to exceed \$25,000 per violation. The civil penalty may be assessed and recovered in a civil action brought in any court of competent jurisdiction.
- A person who violates this section is guilty of a misdemeanor and, upon conviction thereof, shall be punishable by a fine of \$1,000 or by imprisonment not to exceed six months.
- "Unsolicited offer to purchase" means any offer to purchase a property made by any person by text message, email, telephone call, mail, or other means of communication, unless either of the following conditions are met:
 - At or before the time that the offer is made, there is public indicia that the owner is willing to sell the property, including, but not limited to:
 - The property is listed for sale by the owner or their agent on a multiple listing service or in any publicly available marketing platform for the sale of the property;

- The owner placed a “for sale” sign on the property, posted in a public place a flyer listing the property for sale, or advertised the property in a print publication;
 - The offer was made prior to the enactment of this section.
- This article shall be repealed on January 1, 2027.

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