



Hawai'i Home Advocates

"Understanding Makes All the Difference."™

RELOCATING TO THE MAINLAND

What to Do Before You Leave

A plain-English guide for Hawai'i homeowners relocating to the mainland.

"Understanding Makes All the Difference."™

ONE MISSION · THREE GOALS

One Mission: To educate homeowners.

Three Goals: To help Hawai'i homeowners —

1. Understand their situation,
2. Learn their rights and options, and
3. Navigate toward the best possible outcome.

Everything here is free. Nothing is required.

And every path leads to your best interest.

Barbara Coote | Retired Lt. Colonel, U.S. Army
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SELL OR RENT -- THE REAL NUMBERS

Most People Assume Renting Is the Obvious Choice. The Math Often Says Otherwise.

In Hawai'i, high mortgage balances, HOA fees, property management costs, and maintenance make positive cash flow the exception rather than the rule. A fully rented property can still cost the owner \$500-\$2,000/month out of pocket.

Monthly Carrying Costs	Typical Amount
Mortgage payment	\$3,000 - \$6,000
HOA fees (condo)	\$800 - \$1,500
Property taxes	\$200 - \$600
Insurance	\$150 - \$400
Property management (10%)	\$250 - \$450
Maintenance reserve	\$200 - \$400
TOTAL monthly cost	\$4,600 - \$9,350

Property Type	Typical Monthly Rent
1-bed condo, Honolulu	\$1,800 - \$2,400
2-bed condo, Honolulu	\$2,400 - \$3,200
2-bed house, O'ahu suburbs	\$2,800 - \$3,800
3-bed house, O'ahu	\$3,200 - \$4,500

The Hawai'i Landlord Trap: A fully rented property can still cost \$500-\$2,000/month out of pocket after all expenses. Run the real numbers before deciding to rent.

HARPTA -- THE TAX MOST SELLERS DON'T KNOW ABOUT

HARPTA (Hawai'i Real Property Tax Act) requires withholding of up to 7.25% of the gross sales price at closing when a non-resident sells Hawai'i real property -- regardless of whether you made a profit.

Key HARPTA facts:

- Applies to anyone who has established mainland residency before the sale closes
- Exemption certificate available if your actual tax liability is lower than 7.25% -- must be filed before closing
- Active duty PCS orders: residency look-back period can be extended up to 10 years
- Timing of your residency change relative to closing dramatically affects liability -- consult a Hawai'i CPA before changing your driver's license or voter registration

CAPITAL GAINS — TIMING CAN SAVE YOU TENS OF THOUSANDS

Federal exclusions:

✓ Married couple: up to \$500,000 excluded — both spouses must meet the 2-of-5-year

residency and ownership test

✓ Single seller: up to \$250,000 excluded — must have lived in home as primary residence for

2 of the last 5 years

✓ Military PCS: 5-year look-back extended to 15 years with qualifying orders — one of the **most overlooked military benefits**

→ Sell before divorcing or before one spouse moves to the mainland to preserve the full \$500,000 married exclusion

■ Given Hawaii's significant appreciation, many sellers have gains well above the exclusion limits. Consult a Hawaii CPA before establishing mainland residency — the timing of your move relative to the sale can cost or save you tens of thousands.

SHORT-TERM RENTAL LAWS — KNOW BEFORE YOU PLAN ON STR INCOME

Hawaii is one of the most heavily regulated STR (Short-Term Rental) markets in the United States. Do not assume you can rent your property short-term. The penalties for violations are severe.

Oahu

Essentially prohibited outside resort zones. Minimum 90-day rental in residential areas. Valid NUC (Non-Conforming Use Certificate) required. Fines up to \$10,000/day.

Maui

Bill 9 (Dec 2025): phasing out ~7,000 STRs through 2029–2031. Verify permit status immediately if you own on Maui.

Big Island

Mandatory annual registration from July 1, 2026. Fees: \$250 hosted / \$500 unhosted. Fines up to \$10,000 unregistered.

Kauai

No new TVU (Transient Vacation Unit) permits since 2008. Zero-tolerance renewal — miss by one business day, permit is permanently forfeited.

■ STR Tax Burden 2026: State TAT (Transient Accommodations Tax) increased to 11% + 3% county surcharge + 4–4.5% GET (General Excise Tax)

= approximately 18–19% total tax on gross revenue. Your TAT registration number must appear in every listing.

■ Legal consequences for STR violations: cease-and-desist orders, fines up to \$10,000/day on Oahu, permanent permit forfeiture on Kauai, property tax reclassification, TAT and GET back taxes with interest and penalties.

CHOOSING THE RIGHT REALTOR® FROM 3,000 MILES AWAY

Trust and Responsiveness Matter More at a Distance

When you're on the mainland and your home is in Hawaii, the agent you choose matters more than it would if you lived five minutes away. You have no ability to drive by the property, meet a contractor face-to-face, or walk into an open house. Every interaction happens through a screen.

What trust looks like in a long-distance relationship:

- ✓ Proactive communication — they call you before you have to call them
- ✓ Honest reporting — they tell you what's wrong, not just what you want to hear
- ✓ Boots on the ground — they physically show up so you don't have to
- ✓ Trusted vendor relationships — contractors, property managers, attorneys they've worked with
- ✓ No surprises at closing — full transparency on every number

Why long-distance sellers are vulnerable:

- ✗ A less scrupulous agent can recommend unnecessary repairs or delay listings to manage their own schedule
- ✗ An agent can undervalue the property to engineer a quick sale — you have limited ability to verify
- ✗ Without boots on the ground, you depend entirely on your agent's accountability

A NOTE FROM BARBARA

I'm not just a licensed Hawaii REALTOR® — I'm also a real estate investor who has personally owned and managed rental properties. I understand the real experience of being a landlord — the carrying costs, the maintenance realities, and the months when a fully rented property still costs you money.

Hawaii has its own specific dynamics, and I know those numbers well. When I tell you honestly whether selling or renting makes more financial sense — even if that means I don't get a listing — that comes from someone who has lived both sides of that decision.

As a retired U.S. Army Lieutenant Colonel, accountability isn't a policy. It's how I operate.

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YOUR ACTION PLAN — BEFORE YOU BOARD THAT PLANE

Whether You're Selling or Renting — Do These First

1

Get a current market valuation.

Know what your home is worth today before making any decision. Contact Barbara for a free CMA (Comparative Market Analysis) — no obligation.

2

Run a real cash flow analysis before deciding to rent.

Add up your true monthly costs — mortgage, HOA, taxes, insurance, property management, maintenance. Compare honestly to realistic rental income. Many owners are surprised.

3

Verify your STR permit status before listing on Airbnb or Vrbo.

Check your zoning, confirm your permit is current, and verify it transfers after any ownership change. Do not list until you have confirmed legal compliance.

4

Consult a Hawaii CPA about HARPTA before establishing mainland residency.

The timing of your residency change relative to your sale closing can dramatically affect your HARPTA liability. Do this before you change your driver's license or voter registration.

5

Check your capital gains position.

Calculate your estimated gain. If you're married, confirm both spouses still qualify for the \$500,000 exclusion. Consider selling while still a Hawaii resident if the gain is large.

6

If active military — invoke your PCS capital gains extension.

The 5-year look-back can be extended to 15 years with qualifying PCS orders. Contact your JAG (Judge Advocate General) office and a Hawaii CPA before closing.

7

If renting — interview property managers before you leave.

Meet them in person, check references, review their management agreement. The property manager is your eyes and ears. Choose carefully.

8

Consider power of attorney for remote closing.

If you can't return for closing, a POA (Power of Attorney) allows a trusted person to sign on your behalf. A Hawaii attorney can prepare this before you leave.

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Don't make permanent decisions under the pressure of a move date.

The urgency of relocation can push homeowners into decisions they later regret. Take time to understand the numbers before committing to sell or rent.

DOCUMENTS TO GATHER FIRST

- Current mortgage statement
- Property deed
- HOA statements
- Property tax bill
- Insurance policy
- STR permit (if applicable)
- Last 2 years tax returns
- Any rental agreements

FREE RESOURCES

Free Help for Relocating Hawaii Homeowners

Hawaii Dept. of Taxation — HARPTA

HARPTA withholding forms, exemption certificates, and filing guidance for non-resident sellers.

tax.hawaii.gov

Honolulu DPP — STR Permit Status

Check permit status, NUC validity, and current STR regulations for Oahu properties.

honolulu.gov/dpp

Mediation Centers of Hawaii

Required for Act 278 nonpayment evictions if you keep the property as a rental.

mediationcentersofhawaii.org

Military OneSource — PCS Resources

Free financial counseling, HARPTA and capital gains guidance for military PCS families.

[800-342-9647](tel:800-342-9647) | militaryonesource.mil

Barbara Coote — Hawaii Home Advocates

Free market valuation and honest cash flow analysis. All resources here are yours to use directly — I'm here if you'd like help navigating any of it.

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Disclaimer & REALTOR® Disclosure

Barbara Coote is a licensed Hawaii REALTOR® and investor. Hawaii Home Advocates provides free homeowner education. Barbara Coote receives no compensation for referrals and none is expected. This guide is not legal or financial advice — consult a licensed Hawaii CPA and attorney before making tax or relocation decisions.

Ready to talk through your options?

Barbara Coote is here to help — free, no pressure,
no obligation.

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Military Relocation Professional (MRP)

"When God closes a door, He opens a window."

I want to be that window for you.

*"Informed Decisions are the Best Decisions."*TM

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Free. No sign-up. No obligation. Ever.