U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

MEMORANDUM FOR: The City of Little Rock, Arkansas for a Disaster Occurring in 2023 (Allocation Announcement Notice 90 FR 4759 on January 16, 2025); Community Planning and Development Field Office Directors, Deputy Directors, Regional Directors, and Program Managers.

FROM: Ronald J. Kurtz, Assistant Secretary for Community Planning and Development, D

Signed by:
Ronald Kurtz
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6/23/2026

SUBJECT: Area Median Income Ceiling Increase (City of Little Rock, Arkansas only)

APPLICABILITY DATE: June 29, 2026

PURPOSE

This memorandum provides a waiver and alternative requirement to allow the City of Little Rock to increase the area medium income ceiling from 120 percent to 150 percent for its homeownership assistance program. This applies to the following CDBG-DR grant allocated to the City of Little Rock:

1) CDBG-DR allocation for a disaster occurring in 2023 funded by P.L. 118-158 and subject to the requirements published in 90 FR 4759 on January 16, 2025; 90 FR 1754 on January 8, 2025; Memorandum 2025-02 published on March 19, 2025; and Memorandum 25-03 published on March 31, 2025 (collectively, the “Prior Notices”).

WAIVER AND ALTERNATIVE REQUIREMENT AUTHORITY

With certain exceptions, the appropriations act cited above authorizes the Secretary to waive or specify alternative requirements for any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary, or use by the recipient, of grant funds. In particular, the appropriations act waiver and alternative requirement authority does not extend to requirements related to fair housing, nondiscrimination, labor standards, and the environment. The Department of Housing and Urban Development (HUD) (the “Department”) may also exercise its regulatory waiver authority under 24 CFR 5.110, 91.600, and 570.5.

The appropriations act requires the Secretary to publish any waiver or alternative requirement either via the *Federal Register* or the Department’s website no later than five days before the effective date of such waiver or alternative requirement. HUD is exercising its authority to publish this memorandum on the Department’s website: CDBG-DR Laws, Regulations, and Federal Register Notices.

The waiver and alternative requirement authorized in this memorandum is based upon a determination by the Secretary that good cause exists, and a determination by the Secretary that the waiver and alternative requirement is not inconsistent with the overall purposes of Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) (HCDA). The basis for the waiver and alternative requirement is summarized in this memorandum.

Waiver and Alternative Requirement to Increase the Area Median Income Ceiling from 120 percent to 150 Percent for Homeownership Assistance (City of Little Rock, AR only)

Background

The Department received a request and justification of good cause from the City of Little Rock to increase the area median income (AMI) ceiling for homeownership assistance from 120 percent to 150 percent. Under the Universal Notice, HUD waives 42 U.S.C. 5305(a)(24) and establishes an alternative requirement at section III.D.5.d, which permits homeownership assistance only for households with incomes at or below 120 percent AMI.

However, even with the homeownership assistance waiver provided in the Universal Notice, only assistance provided to households at or below 80 percent AMI qualifies as meeting the LMI national objective. While a grantee may establish higher income limits when using the Urgent Need national objective, that flexibility is constrained by the overall benefit requirement, which requires that at least 70 percent of total grant funds be expended for activities benefiting LMI persons.

According to the City, its planned housing activities that target the needs of LMI persons include the Home Repair Program, New Construction Program, and the Homebuyer Assistance Program. The City asserts that, given the current market conditions, expanding eligibility above 120 percent AMI is necessary to make the Homebuyer Assistance Program viable.

Because section III.D.5.d. of the Universal Notice expressly caps income eligibility for homeownership assistance at 120 percent AMI, the City cannot implement its proposed approach without a waiver. Accordingly, the requested waiver and alternative requirement would apply solely to the City's Homebuyer Assistance Program, which is classified as a homeownership assistance activity under the Universal Notice.

Building on the regulatory constraints described above, the City of Little Rock asserts that local disaster impacts limit its ability to operate the Homebuyer Assistance Program effectively within the 120 percent AMI cap. According to the City, a significant share of residents located in the direct path of the tornado are non-LMI households. While housing programs will be available citywide, the City is prioritizing census tracts that experienced the most severe damage. The average median income across those tracts is $83,110, approximately 137 percent of AMI. As a result, the existing 120 percent AMI cap substantially restricts the number of impacted households that can be served in the areas most directly affected by the disaster. The City further notes that in nine of the eleven census tracts identified as most impacted and distressed, median incomes exceed the Little Rock AMI.

The City's analysis of FEMA Individual Assistance data supports this characterization. According to FEMA damage assessments, only 42 percent of owner-occupied units with Major-Low damage or greater were occupied by LMI households, and approximately half of the severely damaged owner-occupied homes were occupied by households with incomes above 80 percent AMI. While the City affirms that LMI households will continue to be prioritized across all housing programs, it requests this waiver on the grounds that: (1) FEMA assistance largely addressed the needs of LMI households in the impacted areas, leaving a resource gap for non-LMI households who were also in the direct path of the tornado; and (2) the City lacks alternative funding sources to address those remaining unmet needs. The City reports that local departments have absorbed 7 percent budget reductions for FY 2026, and that a proposed local sales tax intended to support disaster recovery was rejected by voters, further constraining available recovery resources.

HUD's Determination

Based on the City's submitted analysis, the Secretary finds a compelling need to increase the AMI ceiling for homeownership assistance to 150 percent, given the unique circumstances outlined in the City's request. HUD acknowledges the City's commitment to continue prioritizing LMI households across their housing programs, while also serving non-LMI households that were in the direct path of the storm and lack other means of recovery assistance, consistent with the Urgent Need national objective.

This waiver modifies section III.D.5.d of the Universal Notice to allow homeownership assistance to be provided to households with incomes at or below 150 percent AMI. Notwithstanding, HUD will only consider funds used for households with incomes at or below 80 percent AMI as contributing to the LMI person national objective. Therefore, the City must also continue to comply with the statutory overall benefit requirement: at least 70 percent of all CDBG-DR funds must benefit LMI persons, unless a separate waiver is requested and approved by HUD.

FOR FURTHER INFORMATION CONTACT

Gerilee W. Bennett, Acting Director, Office of Disaster Recovery, U.S. Department of Housing and Urban Development, 451 7th Street SW, Room 7282, Washington, DC 20410, telephone number 202–708–3587 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech and communication disabilities. Email inquiries may be sent to Disaster_Recovery@hud.gov.