City of Asheville Staff Report

City Council Meeting Date: June 23, 2026

Staff Resources: Steph Monson Dahl, Planning & Urban Design Director
Chris Collins, Planning & Urban Design Assistant Director

Action Requested: Adoption of an ordinance enacting a one-year moratorium on the development of data centers.

Background:

- Data Centers have been shown to produce intensive impacts on local electric and water utilities.
- Data Centers may pose significant impacts, such as noise and heat generation, on neighboring properties.
- The City's Unified Development Ordinance (UDO) currently lacks a definition or allowance for this land use.
- Without a clear definition for "Data Centers" in the City's, staff must rely on judgment (instead of established policy) to determine whether the proposed use is similar to an existing use category. Permitting decisions are more consistent and easier to defend when the land uses proposed are clearly defined in the City's ordinances.
- The City's Unified Development Ordinance currently lacks concrete policies, strategies, and tools needed to effectively manage this land use;
- This lack of clarity and direction results in uncertainty and risk for developers, staff, and community members, and
- Zoning classifications are intended to match uses with compatible locations. The City requires sufficient time to study the impacts of this land use and produce appropriate zoning regulations to protect the community against its impacts.
- City staff have found insufficient time exists to properly study, draft, review and adopt regulations governing data center development. Accordingly, a temporary moratorium is necessary to ensure that proper regulations are in place prior to permitting any new data center land uses.

Council Vision 2036 Focus Area(s):

- Clean, Safe and Healthy Environment
- Well-planned and Livable Community

Council Priority Recovery Area(s):

- Infrastructure & Environment

Committee(s):

- Planning, Economic Development and Environment Committee, 06/16/2026 - Vote 3-0 to

approve to move forward to City Council.

Fiscal Impact:

- No direct fiscal impact is anticipated.

Suggested Motion:

- Motion to adopt an ordinance enacting a one-year development moratorium on data centers, as the City currently lacks a definition for or proper land use regulation for data centers, has exhausted other options for regulating data centers and the one-year time period is needed in order for the City to formulate and draft proper land use definitions and regulations for the use.

Attachment(s):

- Ordinance

City of Asheville Ordinance Number _____

Ordinance Description

Ordinance Imposing a Temporary Moratorium on New Data Center Development

Ordinance Details

WHEREAS, North Carolina General Statute 160D-107(a) authorizes cities to adopt a temporary moratorium on development approvals of reasonable duration to allow for development of regulations for a particular use which is novel and currently undefined in the City's Unified Development Ordinance;

Now, therefore, be it ordained by the City Council of the City of Asheville that:

Section 1

A temporary moratorium is hereby imposed commencing June 23, 2026 and expiring no later than June 22, 2027, on the approval of new data center development within the City of Asheville. This moratorium shall apply to any new development, use, or change of use that would reasonably fall under NAICS Code 518210 (Data Processing, Hosting, and Related Services), or any facility functionally equivalent to such uses.

Section 2

In compliance with the requirements of North Carolina General Statute 160D-107(d), the following statements are included in this ordinance:

(1) The problems or conditions necessitating the moratorium are those attendant to the recent influx the State of North Carolina has seen in new data center development applications.

The City finds that the land uses of data centers, data processing facilities and cryptocurrency mining are not clearly defined in the Unified Development Ordinance. In order to properly create zoning entitlements and appropriate site requirements for data center development, the City requires sufficient time to prepare these regulations.

As an alternative to the moratorium, immediate changes to the Asheville City Code and its Unified Development Ordinances to create data center regulations were considered. The City has determined that it is not appropriate to proceed with immediate regulatory changes, however, as it requires an improved understanding of the quantifiable impacts of new data

center development, and best practices for reviewing data center developments, before the City can identify the changes needed to enhance its land use policies, tools and strategies, and provide clearer direction to applicants of new data center developments. The City has further concluded that the only adequate means by which to obtain sufficient information regarding the particularized impact of new data center developments in Asheville is to conduct a staff study of those impacts.

(2) The development approvals subject to the moratorium are the zoning and permitting approval of data centers, and any applications for such approvals. The moratorium will allow the City of Asheville to address the stated problems or conditions by providing time to analyze the impacts, appropriate geographical context and design, best practices from other cities, current supply and future demand of data centers thus allowing the City to prepare appropriate regulations and effectively respond and provide some level of certainty to data center development applications, and to better determine acceptable data center development proposals.

(3) The moratorium will terminate not later than June 22, 2027. The duration of the moratorium is reasonably necessary to address the problems or conditions leading to imposition of the moratorium, in that it will provide sufficient time for the City of Asheville to contract with outside consultants, analyze and quantify the impacts of new data center developments in the City, and develop and approve appropriate land use policies, strategies, tools and regulations to apply to new data center development. This duration is further necessary in order to allow for public engagement and to allow a review of recommended land use and zoning changes by the City's Planning and Zoning Commission, Planning, Economic Development and Environment Council subcommittee, and ultimately by the full City Council itself.

(4) During the duration of the moratorium, the following actions are proposed to be taken by the City to address the problems or conditions leading to the imposition of the moratorium: Phase 1 (three months): (a) conduct an internal study regarding recent data center regulations enacted in other jurisdictions within the state of North Carolina; (b) conduct analysis and overview of the data center industry, including national and local trends; (c) assess impacts of data center development on City infrastructure, services and the economy; (d) research and present best practices, policies, strategies and tools from other jurisdictions; (e) prepare an initial report of these findings for management and regulation of new data center development; Phase 2 (up to nine months): (f) create a community engagement plan that would likely entail establishing a stakeholders group within the City to solicit input on possible policy recommendations, strategies and tools; (g) conduct any necessary supplemental research and analysis of policies, strategies and tools; (h) draft recommendations for Council consideration; and, (i) act on recommendations and any new regulatory changes.

Section 3

The moratorium will terminate sooner than June 22, 2027 upon the adoption of an ordinance, after the effective date of this ordinance, which establishes zoning regulations related to data center development.

Section 4

Notwithstanding anything herein to the contrary, the moratorium may be subsequently renewed or extended in accordance with the provisions of North Carolina General Statute 160D-107(e).

Section 5

All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

Section 6

Any part of provision of this ordinance found by a court of competent jurisdiction to be in violation of the Constitution or laws of the United States or North Carolina is hereby deemed severable and shall not affect the validity of the remaining provisions of the ordinance.

Section 7

This ordinance shall be in full force and effect on the date of adoption.

Read, approved and adopted the 23rd of June, 2026.

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Esther E. Manheimer, Mayor

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Brad Branham, City Attorney

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Magdalen Burleson, City Clerk