

ORDINANCE NO. (2026-XXX)

AN ORDINANCE ESTABLISHING A SIX-MONTH TEMPORARY MORATORIUM ON ANY DEVELOPMENT APPROVAL REQUIRED BY LAW FOR CERTAIN DATA CENTERS WITHIN THE PLANNING JURISDICTION OF RALEIGH, NORTH CAROLINA PURSUANT TO NORTH CAROLINA GENERAL STATUTE § 160D-107

WHEREAS, pursuant to N.C.G.S. § 160D-107, local governments may adopt an ordinance imposing a temporary moratorium on any development approval required by law, except for the purpose of developing and adopting new or amended plans or development regulations governing residential uses; and

WHEREAS, the City of Raleigh’s (the “City’s”) current zoning interpretation defines “Data Center” as a facility, campus of facilities or group of co-located facilities under common ownership or control used to house computer systems, servers, network equipment, and associated infrastructure for the storage, processing, or transmission of data needed for cloud services, internet applications, and artificial intelligence workloads to include, without limitation, computationally intensive applications such as cryptocurrency mining, artificial intelligence computing, genome sequencing, application hosting, cloud storage, and video and technical streaming services. Data Center facilities typically include air handlers, power generators, water cooling and storage facilities and other infrastructure to support continuous operations; and

WHEREAS, on June 16, 2026, City Staff provided information to the Raleigh City Council regarding the City’s current zoning interpretation on Data Centers, which classifies principal use “Data Centers” into two use categories: “Minor Utilities” and “Major Utilities,” as those categories are more specifically defined in the City of Raleigh Unified Development Ordinance (“UDO”), given that “Data Centers” are most closely related to those use categories; and

WHEREAS, on June 16, 2026, City Staff further provided information to the Raleigh City Council that the City’s current zoning interpretation defines “Minor Utility Data Center” as an unmanned facility with no on-site personnel that has a combined building and land footprint of 10,000 square feet or less, and a peak electricity demand of five (5) Megawatts or less; and further defines “Major Utility Data Center” as any Data Center that does not qualify as a Minor Utility Data Center; and

WHEREAS, the Raleigh UDO currently allows for Minor Utilities to be located within all zoning districts by-right given their limited impacts to surrounding properties and City resources, and further allows for Major Utilities, which have more significant impacts, to be located only within the Heavy Industrial (IH-) and Industrial Mixed Use (IX-) Zoning Districts after the project has obtained a Special Use Permit Approval, and after all other land development and building permit approvals have been obtained as required by federal, state and local laws, with such approvals including, but not being limited to, utility permits and environmental permits; and

WHEREAS, the City needs sufficient time to analyze, study, and enact additional regulations to address the unique development, infrastructure and environmental impacts of Principal Use Major

Utility Data Centers, as well as Accessory Use Data Centers that are of the same size and scale as Major Utility Data Centers, and further, to address the potential impacts of such uses on utility extensions and connections made by the City pursuant to the City of Raleigh Code of Ordinances, including the UDO (the “City Code”); and

WHEREAS, the Raleigh City Council, at its October 6, 2026 regular meeting, held a publicly noticed legislative hearing regarding this moratorium in accordance with N.C.G.S. §§ 160D-107 and 160D-601; and

WHEREAS, the Raleigh City Council believes such a moratorium will protect the public interest and welfare of the residents of the City until such additional regulations regarding the aforementioned uses are adopted.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RALEIGH THAT:

Section 1. A temporary moratorium is hereby imposed on any development approval otherwise required by law, which includes, but is not limited to the City’s acceptance, processing and approval of development applications and water and/or sewer extension and connection applications, for both principal and accessory use Data Centers. Such temporary moratorium shall commence on October 6, 2026, and expire no later than April 6, 2027, or upon Council's adoption of the resulting City Code amendments addressing the Data Center Uses described herein, whichever occurs earlier. This moratorium specifically includes the corporate limits and extraterritorial jurisdiction of the City.

This moratorium shall not apply to the following (the “Exempt Projects”):

- (a) Principal Use Minor Utility Data Centers that comply with the City’s existing zoning interpretation as outlined above, and that comply with all applicable provisions of the City Code; and
- (b) Accessory Use Data Centers, which are non-commercial or internal business data processing or server facilities incidental and subordinate to a permitted principal use on site that are intended solely to support the on-site operations of such principal use, and that comply with all applicable provisions of the City Code. Such principal uses may include, without limitation, hospitals, medical facilities, financial institutions, offices, educational institutions, government services, or similar uses, provided such data processing activities are not offered as a primary service to off-site users. Accessory Use Data Centers may be manned or unmanned, but shall not have a combined building and land footprint greater than 10,000 square feet, or have a peak electricity demand greater than 5 Megawatts; and
- (c) The exempt projects as classified under N.C.G.S. § 160D-107(c) are excluded from this moratorium as a matter of law.

Additionally, per N.C.G.S. § 160D-107(c), if a complete application for a development approval has been submitted prior to the effective date of this moratorium, N.C.G.S. § 160D-108(b) (permit choice) applies when permit processing resumes.

Section 2. In compliance with N.C.G.S. § 160D-107(d), the Raleigh City Council makes the following statements:

- (a) Larger-scale data centers, which include principal Use Major Utility Data Centers and Accessory Use Data Centers of the same size and scale as Major Utility Data Centers may require considerable amounts of electricity, land and water, and their operation can result in noise and light pollution, the creation of heat islands, and other environmental impacts to residents and communities located near the facilities. While the Raleigh UDO contains regulations that may address impacts of industrial development generally (i.e., setbacks, height, landscape and transition yards, screening, and exterior lighting), it does not contain use-specific standards to address the unique impacts that larger-scale data centers bring to a jurisdiction. Additionally, the Raleigh City Code of Ordinances does not address the potential impacts of such uses on utility extensions and connections made by the City, which could create significant burdens on the City's water utility enterprise and its ratepayers in the construction of new infrastructure to meet the demands of these uses. The City seeks time to research and analyze these rapidly evolving and intense land use types to assess potential harms to the natural environment, infrastructure sufficiency, and quality of life of City residents and to develop standards for both Raleigh's UDO and City Code of Ordinances to address the same.

The City has reviewed alternative solutions to a moratorium, including adopting immediate ordinance updates, but found none to be adequate. Immediate ordinance updates do not provide the City with sufficient time to study the rapidly changing technology of data centers and adopt City Code updates that will protect the public health, safety and welfare and the City's water supply through a measured, reasonable approach, but that also will not become obsolete in a short period of time as technology inevitably advances. Additionally, immediate ordinance updates do not provide the City with sufficient time to carefully study, draft and implement regulations on data centers in light of the State of North Carolina's Down-Zoning Law, which is outlined in N.C.G.S. § 160D-601(d), and limits the ability of local governments to down-zone property without the written consent of all affected property owners.

- (b) All development approvals for the non-exempted principal and accessory use Data Centers are subject to the temporary moratorium, which include, but are not limited to, the City's acceptance, processing and approval of all development applications and water and/or sewer extension and connection applications for Data Centers required by City Code. A moratorium on these Data Center approvals will provide the City with the opportunity to conduct meaningful research on the effects of these uses, and develop appropriate regulations as are necessary to ensure organized and responsible growth.
- (c) The temporary moratorium shall commence on October 6, 2026, and expire no later than April 6, 2027, or upon Council's adoption of the resulting City Code amendments addressing the Data Center Uses described herein, whichever occurs earlier. The 6-

month moratorium is necessary to allow sufficient time for the City to analyze the unique development, infrastructure, and environmental impacts of the Data Centers described herein, and to prepare and adopt appropriate regulatory changes to address those impacts.

- (d) The City will study the impacts of the Data Centers described herein and draft proposed text amendments to address such impacts within the first 60 days of the moratorium. Concurrently, the City will investigate how other communities in North Carolina and across the United States have addressed these impacts through regulations in light of the requirements of N.C.G.S. § 160D-601(d). The City will coordinate a multi-disciplinary team of expert Staff members to convene on policy and impact analyses during this time. Subsequently, in the final 120 days, any necessary City Code amendments will be proposed which will follow the appropriate legislative process for adoption. The research, policy development and legislative processes necessitate an adequate moratorium period of 6-months.

Section 3. If any section, subsection, sentence, phrase, or part of this ordinance is declared invalid or unconstitutional by a court of competent jurisdiction, such invalidity is hereby declared severable and its invalidity shall not affect the validity of the remaining portions of this ordinance.

Section 4. All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed to the extent of such conflict.

Section 5. This ordinance shall be effective on the date of adoption.

ADOPTED:

EFFECTIVE:

DISTRIBUTION: