



ORDINANCE

Imposing a Temporary Moratoria on Development Approvals for Data Centers, Cryptocurrency Mining Operations, and Any Use Associated with Data Center Processing Facilities within the Town of Hillsborough

WHEREAS, pursuant to N.C. General Statute § 160D-107 local governments may adopt an ordinance authorizing a temporary moratorium on any development approvals required by law; and

WHEREAS, the Hillsborough Board of Commissioners passed a Resolution of Intent on May 11, 2026, indicating that they intended to take up the question of whether to adopt a temporary moratoria on processing applications or approving permits for “data centers” at a public hearing to be conducted on May 27, 2026; and

WHEREAS, the Town of Hillsborough Unified Development Ordinance does not specifically define “data center,” “cryptocurrency mining,” “data processing facility,” and other similar or associated uses as a specific use; and

WHEREAS, the Unified Development Ordinance does not consider the impact of the aforementioned uses on existing town infrastructure and how the impact will affect utility extensions; and

WHEREAS, at its May 27, 2026 regular meeting, the town board held a legislative public hearing regarding this moratoria in accordance with N.C. General Statute § 160D-601; and

WHEREAS, the town board believes such a moratorium will protect the public interest and welfare of the residents of the Town of Hillsborough until such regulations regarding the aforementioned uses are adopted, and until the town can assess the potential impact of such uses on utility extensions made pursuant to the Unified Development Ordinance.

NOW, THEREFORE, the Hillsborough Board of Commissioners ordains:

Section 1. A temporary moratoria is hereby imposed commencing on May 28, 2026 and expiring no later than July 27, 2026, unless further extended after notice and hearing as required by 160D-107 or on approval of new zoning regulations regarding data centers, data processing facilities, cryptocurrency mining, and any other uses associated with data processing facilities not yet defined by the Hillsborough Unified Development Ordinance. The moratorium specifically includes the corporate limits of the Town of Hillsborough, its extraterritorial jurisdiction and any future Town of Hillsborough planning area as depicted on the Town of Hillsborough Land Use Map. For the purposes of this moratorium, a “data center” or “data processing facility” refers to a building, a dedicated space within a building, or group of buildings housing computer systems and associated components, such as telecommunication and data processing systems, to be used for remote storage, processing, or distribution of large amounts of data. Examples of such data include, but are not limited to, computationally intensive applications such as cryptocurrency mining, artificial intelligence computing, weather modeling, genome sequencing, application hosting, cloud storage, video and technical streaming services, etc. Such facilities may include air handlers, power generators, water cooling and storage facilities, utility substations, and other infrastructure to support operations.

This moratorium shall not apply to data processing equipment or server rooms that are clearly incidental and subordinate to a permitted principal use and are intended solely to support on-site operations of such principal use, provided such equipment or server rooms comply with all

other applicable provisions of the Hillsborough Unified Development Ordinance. Such principal use may include, but is not limited to, hospitals, medical facilities, financial institutions, offices, educational institutions, or similar uses, as long as such data processing activities are not offered as a primary service to off-site users. Projects classified as exempt in accordance with N.C. General Statute 160D- 107(c) are also excluded from this moratorium as a matter of law.

Section 2. In compliance with the requirements of N.C. Gen. Stat. 160D-107 the Town makes the following statements:

(1) Data centers, data processing facilities, cryptocurrency mining operations, and any other uses associated with data processing facilities require considerable amounts of electricity, land, and water, and their operation can result in exceedingly high greenhouse gas emissions, harmful decibel levels that exceed safe hearing limits and cause chronic sleep disturbances, the creation of heat islands, widespread pollutant exposure from backup diesel generators, e-waste, and other local impacts to residents and communities living near the facilities. The Hillsborough Planning and Economic Development Division is in the process of gathering information based upon which to develop zoning standards and mitigation methods for these intensive land use types which may cause detrimental harm to the natural environment and the quality of life of town residents. The town seeks time to develop such standards. The town has looked at alternative solutions to a moratorium, such as but not limited to immediately amending its Unified Development Ordinance to address the data center use, but found such alternatives to not be practical. The town has determined that to simply allow this intensive land use to be permitted without regard to location, height, size, density, population, industry, residence or other purpose would be counter to the stated goals of the Town of Hillsborough Comprehensive Sustainability Plan.

(2) The Unified Development Ordinance table of permitted uses does not currently include "data centers" nor does the ordinance provide a definition of this use or similar uses. The town seeks to update the Unified Development Ordinance definition section and table of uses to specifically define "data center," "data processing facility," and "cryptocurrency mining operation" as a specified land uses. The town further seeks to review the Town of Hillsborough Code of Ordinances to address the potential impact on infrastructure and utility extension. Therefore, the town seeks to place a moratorium on the use of property within the Town of Hillsborough planning jurisdiction for data centers, data processing facilities, cryptocurrency mining, and any other uses associated with data processing facilities for a period of sixty (60) days or until such time that specific land use standards for these uses can be developed. All applications for development approvals for data centers, data processing facilities, cryptocurrency mining operations, and any uses associated with data processing facilities are subject to the moratorium.

(3) The moratorium shall begin May 28, 2026 and shall end on July 27, 2026, unless further extended after notice and hearing as required by N.C. General Statute 160D-107 or upon adoption of a Unified Development Ordinance text amendment addressing the land uses of data centers, data processing facilities, cryptocurrency mining, and associated uses and any necessary amendments to the Town of Hillsborough Code of Ordinances to address utility extension, whichever comes first. This sixty (60) day moratorium is necessary to allow sufficient time for the Hillsborough Planning and Economic Development staff to study these uses and their impacts, to consider zoning standards and mitigation methods and to prepare an amendment to the Unified Development Ordinance to address data centers, data processing facilities, cryptocurrency mining, and other uses associated with data processing facilities, as well as to allow the town to adopt any needed amendments to the Hillsborough Code of Ordinances to address utility extension for these high impact uses prior to the expiration of the moratorium.

(4) Hillsborough Planning and Economic Development staff will study the impacts of data centers, data processing facilities, cryptocurrency mining, and any other uses associated with data processing facilities on communities within the first thirty (30) days of the moratorium. Concurrently, the Planning and Economic Development Staff will investigate how other communities in North Carolina and across the United States have addressed these impacts through zoning regulations. Planning and Economic Development staff will develop appropriate land use regulations designed to mitigate negative impacts associated with land uses described as data centers, data processing facilities, cryptocurrency mining operations, and any other uses associated with data processing facilities. Subsequently, in the final thirty (30) days, the town expects to consider and adopt a series of text amendments to the Unified Development Ordinance and any necessary amendments to the Town of Hillsborough Code of Ordinances to address utility extensions and other issues, following such legislative process or processes as required by law for adoption. It is anticipated that research, policy development, and legislative processes necessitate an adequate moratorium limit of sixty (60) days.

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 shall not affect the validity of the remaining portions of this ordinance. The Board of Commissioners hereby declares that it would have passed this ordinance, and each section, subsection, sentence, clause, or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid.

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

Section 5. This ordinance shall become effective upon adoption.

The foregoing ordinance, having been submitted to a vote, received the following vote and was duly adopted this 27th day of May in the year 2026.

Ayes:

Noes:

Absent or excused:

Sarah E. Kimrey, Town Clerk