	CITY OF KING **CITY COUNCIL**	**MEETING DATE:** **OCTOBER 5, 2026**

PART A

Subject:	**Moratorium Progress Report and Request to Set Legislative Hearing for Extension of Moratorium**
Action Requested:	Review and consider staff research
Attachments:	- Staff Research

	This abstract requires review by:	
	City Manager	**City Attorney**
Todd Cox, Int. Planning & Zoning Official **Emerson Wright, Planning & Zoning intern**		

PART B

Introduction and Background:

Tonight, staff is bringing forward research on data centers, cryptocurrency mining operations, and other similar high-intensity data processing uses. As artificial intelligence, cloud computing, cryptocurrency, and other technologies continue to grow, communities are seeing increased interest in facilities that can have significant demands for electricity, water, land, telecommunications, and other infrastructure. These uses can provide economic benefits, but they are also substantially different from many of the traditional commercial and industrial uses that our existing zoning regulations were written to address.

The purpose of the implemented moratorium is not to permanently prohibit these uses or to discourage economic development. Rather, allow the City time to study these emerging uses and determine whether our current regulations are adequate to address their potential impacts. The City's current ordinances do not separately identify or list "data center," "cryptocurrency mining operation," or "battery energy storage system" (other than a battery storage system accessory to a solar energy system regulated under Sec. 32-260) as a distinct permitted or special use in any zoning district, meaning that any such use proposed within the City at this time would necessarily have to be evaluated, if at all, under an existing use category not designed or intended to address the specific impacts of such uses. Staff believes it is important for King to take a proactive approach and determine where, and under what standards, these uses may be appropriate in our community before we receive an application that our current regulations may not adequately address.

Discussion and Analysis:

The City's current development regulations still do not specifically address data centers, cryptocurrency mining operations, or other similar high-intensity computational uses. These uses can have characteristics and impacts that are substantially different from traditional commercial or industrial uses, including significant demands for electricity, water, telecommunications infrastructure, land, and other public infrastructure, as well as potential impacts related to noise, cooling equipment, backup power generation, air quality, and surrounding land uses. Because these uses are relatively new and rapidly evolving, staff believes additional study is needed to determine how they should be classified, where they

may be appropriate, and what development standards or review procedures may be necessary to address their potential impacts.

A moratorium extension would provide the City with time to research these uses, review how other jurisdictions are addressing them, evaluate potential infrastructure and land-use impacts, and determine whether amendments to the City's development regulations are appropriate. This issue is currently receiving significant attention at the state and local levels, and the North Carolina General Assembly is considering legislation that would establish additional requirements for the siting and operation of large data centers, including potential statewide development and environmental standards. Given the rapidly changing regulatory environment, a temporary pause would allow the City to better understand potential state requirements and avoid developing local regulations without considering the direction of statewide policy.

N.C.G.S. § 160D-107 authorizes local governments to adopt temporary moratoria on development approvals, provided the requirements of the statute are met. For a moratorium lasting 60 days or less, the governing board must hold a legislative hearing and publish notice of the hearing in a newspaper having general circulation in the area at least seven days before the hearing, except in cases involving an imminent and substantial threat to public health or safety. A moratorium lasting 61 days or longer, including an extension that causes the total duration to reach 61 days, is subject to the notice and hearing requirements of N.C.G.S. § 160D-601. The statute also establishes exemptions for certain projects and vested rights.

A moratorium extension would apply to data centers and similar high-intensity computational uses, including facilities containing large-scale computer systems, networked servers, or data-storage equipment used for data storage or processing, web or application hosting, streaming services, artificial intelligence and artificial-intelligence training, blockchain validation, cryptocurrency mining, and similar computationally intensive functions. The intent is not to permanently prohibit these uses or discourage economic development, but rather to provide a reasonable period for the City to evaluate the uses and develop an appropriate regulatory framework. The moratorium ordinance should establish the applicable scope, duration, findings, work plan, and statutory exemptions, with the goal of determining whether amendments to the City's development regulations are warranted.

Budgetary Impact:

N/A

Recommendation:

City Council passed a 60-day moratorium on September 8th and based on the wording of the ordinance, city staff and the Planning Board must develop an ordinance to address this use. This may take several months. Staff also would like potential regulations and requirements to correspond with the city's comprehensive plan that is in development and will likely not be available until January or February of 2027.

Staff recommends extending the moratorium and ask that Planning Board recommend that the City Council extend the moratorium for 12 months to allow planning staff to work on a draft ordinance to bring back to Planning Board to review and refine and then present to City Council.

Planning Board Recommends: by a vote of 5 – 0 to extend the moratorium for 12 months.

Staff requests that the City Council set a legislative hearing for the November 2nd Council Meeting for the purpose of considering an extension of the moratorium.