

To: **Honorable Mayor and City Council**

From: **Matt Lonnerstarter, City Planner**
 Melissa Marsh, City Manager

Date: **July 23, 2026**

Subject: **Temporary Data Center Moratorium**

At their July 20, 2026 meeting, the Planning Commission and staff discussed the emerging issue of data centers and the need for the City to proactively review and update its zoning regulations before any development proposals are submitted. Following that discussion, Assistant City Attorney Jeff Sherman prepared a resolution establishing a temporary moratorium on new data centers. The proposed resolution will be presented for City Council's consideration at the August 24, 2026, City Council meeting.

As many communities across Michigan and the country are experiencing, data centers have evolved significantly in recent years. Modern, large-scale data centers associated with artificial intelligence, cloud computing, and high-performance computing present land use, infrastructure, utility, and nuisance issues that were not contemplated when many zoning ordinances, including ours, were adopted. While Madison Heights has not received any formal applications or development requests for data centers, our current Zoning Ordinance does not specifically define or regulate these uses. Municipalities that lack clear development standards for large-scale data centers may unfortunately be ill-prepared to address their specific impacts on adjacent land uses, such as excessive noise from transformers and generators, security lighting, water use, and imposing building facades.

The proposed moratorium is intended to provide the City with adequate time to evaluate appropriate zoning, building, and development regulations before any applications are submitted. During the moratorium period, staff will research best practices, review how other Michigan communities regulate data centers, and prepare recommended amendments to the Zoning Ordinance which may include new definitions, development standards, and location criteria. This proactive approach will ensure that Madison Heights will have clear regulations in place and be prepared to protect the public health, safety, and welfare should a data center development application be submitted. These changes will also provide certainty to potential developers with regards to standards and processes.

A moratorium is a temporary suspension of approvals while a municipality studies and develops appropriate regulations. Michigan courts have recognized that a temporary moratorium is an appropriate planning tool when it is adopted for a legitimate governmental purpose while a municipality is actively working on related zoning amendments. The proposed resolution, attached, would establish a twelve (12) month moratorium from the date of approval unless extended by Council resolution, providing sufficient time to complete this work. If the zoning amendments are completed sooner, Council may lift the moratorium at that time.

If you have any questions regarding the proposed moratorium or the upcoming resolution, please contact Assistant City Attorney Jeff Sherman or City Planner Matt Lonnerstater, who are both familiar with the proposal and the work underway.

Thank you for your consideration. We look forward to discussing this matter with you as the City moves forward with developing appropriate regulations for data centers.