



# *City of Boiling Spring Lakes*

9 East Boiling Spring Road  
Southport, NC 28461

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## STAFF REPORT

### **Agenda Date:**

June 2, 2026

### **Title:**

Ordinance Imposing a Temporary Moratorium on Development Approvals for Data Centers, Data Processing Facilities, Cryptocurrency Mining Operations, and Uses Associated with Data Processing Facilities within the City of Boiling Spring Lakes

### **Department:**

Planning & Zoning

### **Background Information:**

This ordinance is being proposed to impose a temporary moratorium, pursuant to N.C.G.S. 160D-107, on development approvals for data centers, data processing facilities, cryptocurrency mining operations, and other uses associated with data processing facilities within the City of Boiling Spring Lakes.

The draft ordinance was posted to the City's website, and the public hearing was noticed in accordance with N.C.G.S. 160D-106.

In recent years, data centers, data processing facilities, and cryptocurrency mining operations have emerged as rapidly expanding land uses. This growth is largely driven by increasing demand for cloud computing, artificial intelligence (AI) infrastructure, large-scale data storage, and digital financial technologies. As we rely more heavily on digital services, the physical infrastructure required to support these systems—particularly large-scale server facilities—has expanded.

These uses are often characterized by unique operational and physical attributes that distinguish them from traditional commercial or industrial development. Data centers and similar facilities typically require substantial electrical capacity, advanced cooling systems, and significant physical security measures. Cryptocurrency mining operations, in particular, can

involve continuous, high-intensity computing activity that results in elevated energy consumption and, in some cases, persistent noise impacts.

Temporary moratoria halting development approvals for data centers and similar uses have been adopted by several local governments from across North Carolina, and it has been widely reported that additional local governments throughout the state are evaluating the need for a moratorium.

At present, the City's Unified Development Ordinance (UDO) does not specifically define or address data centers, data processing facilities, or cryptocurrency mining operations. Nor does it establish use classifications, development standards, or review criteria tailored to these uses. In the absence of clear definitions and regulations, such facilities could be interpreted under existing use categories—such as general industrial, warehousing, or office uses—and therefore may be permitted by right in certain zoning districts without consideration of their unique characteristics and potential impacts.

This regulatory gap creates uncertainty for both applicants and the City and limits the City's ability to ensure that such uses are appropriately sited, designed, and reviewed. Without clearly defined standards, there is a risk that facilities with significant infrastructure demands and external impacts could be developed in areas that are not suitable or without adequate mitigation measures.

While data centers and related facilities can contribute to economic development and tax revenue, they may also generate a range of land use and infrastructure impacts, including but not limited to:

- High energy demand, which can place strain on local electrical infrastructure and require substantial utility upgrades
- Significant water usage for cooling systems, depending on facility design
- Noise impacts from cooling equipment, backup generators, and continuous operations
- Visual impacts associated with large building footprints, security fencing, and mechanical equipment
- Limited employment density relative to building size and land consumption

Given these considerations, it is important for the City to proactively evaluate how these uses should be defined, where they should be permitted, and what performance standards or mitigation measures should apply.

A temporary moratorium on accepting and processing new development applications for such facilities is a reasonable and necessary measure to allow City staff and the Planning Department sufficient time to study the issues, engage with stakeholders, draft appropriate amendments to the Unified Development Ordinance, and to allow the City to adopt needed amendments.

**Financial Impact:**

Cost associated with publication of the legal advertisement noticing the required public hearing.

**Recommendation:**

Staff recommends adoption of the ordinance.

**Action Needed:**

- A. Approval of the proposed temporary moratorium ordinance; OR
- B. Modification and approval of the proposed temporary moratorium ordinance; OR
- C. Denial of the proposed temporary moratorium ordinance.

**Attachments:**

Draft Ordinance – Temporary Moratorium on Data Centers, Data Processing Facilities, and Cryptocurrency Mining Operations