

CITY COUNCIL MEMORANDUM

FROM: Planning Department **DATE:** July 27, 2026
SUBJECT: TR26-04, Ordinance No. 3965, Public hearing to consider amendments to Chapter 118 (Zoning), Sections 118-631 and 118-633 regarding data center facilities and additional regulations
PRESENTER: Cori Reaume, Director of Planning

SUMMARY:

The City Council is asked to consider a city-initiated text revision to the zoning ordinance related to allowance for data centers in certain zones. The general proposal at this time is to require a special use permit for a data center in any zone in which they are currently permitted by right, which will allow for the City to evaluate each application with site-specific considerations while we continue to research and refine regulations.

GENERAL DESCRIPTION:

In early 2025, the City was approached by a possible developer of small-scale data center facilities. In researching other communities and how they were handling this newer use, we found that many communities had not yet updated their zoning ordinances/table of uses to specifically call out data centers. In many of those instances, data centers were being permitted in a variety of zones as other general warehouse or commercial uses. Of those that had included the new use, communities varied on allowance in various industrial, commercial, or even office districts.

In an effort to be proactive about the new use, City staff proposed data center-specific zoning regulations last year. Following workshop discussion with the Planning & Zoning Commission, public hearings occurred with P&Z on May 15th and June 5th, followed by a public hearing with City Council on June 9, 2025.

Following the public hearings, the City adopted regulations as outlined below:

Current Definitions:

The definitions for the two categories of data center are listed below, with the sole difference being the size of the building or buildings.

***Data Center, General.** A building or group of buildings **in excess of 10,000 total square feet** primarily used to house computers and/or related equipment for the purpose of collection, storage, management, processing, or retrieval and distribution of digital data, which houses computer and/or network equipment, systems, servers, appliances, and other associated components related to computing and digital data operations.*

Data Center, Small-scale. A building or group of buildings **not to exceed 10,000 total square feet** primarily used to house computers and/or related equipment for the purpose of collection, storage, management, processing, or retrieval and distribution of digital data, which houses computer and/or network equipment, systems, servers, appliances, and other associated components related to computing and digital data operations.

Current Inclusion in Table of Permitted Uses:

The table below outlines the addition of the two uses, specifying that either general or small-scale data centers were allowed by right in the I-1 (Light Industrial) and I-2 (Medium Industrial) districts. In the C-2 district, a small-scale data center was permitted by right, whereas a large-scale data center would need special use permit approval. In the C-1 district, only a small-scale center can be approved by special use permit.

[#] = Conditions. Reference Section 118-633 for specific conditions to listed uses. P = Permitted by Right S = Special Use Permit Required [Blank] = Not Permitted NP = Not Permitted B = Defers to Base Zoning District A = Ancillary	SECTION 118-631: TABLE OF PERMITTED USES														
	Conditions	NON-RESIDENTIAL DISTRICTS										TOWN CENTER			
		R-1-S	O-1	LR	C-1	C-2	OC	I-1	I-2	U	AG	Edge	General	Center	Core
Data Center, General	30					S		P	P						
Data Center, Small-scale	30				S	P		P	P						

Additional regulations below were also included at that time:

(30) Data Centers, both general and small-scale, must comply with the following standards:

- a. *Location requirements. All ground- or roof-mounted cooling equipment shall be located no closer than 100 feet from the nearest residential property, unless approved in an alternate location through the special use permit process.*

Parking Requirements: Because this use is typically equipment-heavy, but results in a low level of staff/visitors parking at the facility, new proposed parking requirements were developed as shown below:

Use	Number of Spaces	Required for Each	Additional Requirements
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10.	STORAGE			
	e. Data Center, general or small-scale	1	350 square feet of gross floor area devoted to office uses	Plus one additional parking space for each 5,000 square feet of gross floor area devoted to other uses.

Proposed changes:

As data centers have become more widespread, especially in Texas and throughout DFW, it has become apparent that there are some factors that make it difficult to establish a core set of regulations related to data center operations. While some traditional land uses align well with a fixed set of regulatory criteria, data center technology and construction methods are evolving at such a rapid pace that we must consider other options at this time.

Certain neighborhood impacts such as proximity to residential zones or uses, ambient sound levels, cooling system infrastructure, and any site-specific testing or monitoring requires specialized oversight. Rather than rushing to establish a one-size-fits-all approach or to formalize any standard criteria prematurely, transitioning data centers to a Special Use Permit process allows the City to evaluate the specific context of a site when an application is received.

The current proposal would begin requiring a special use permit for any data center application, as shown below:

[#] = Conditions. Reference Section 118-633 for specific conditions to listed uses. P = Permitted by Right S = Special Use Permit Required [Blank] = Not Permitted NP = Not Permitted B = Defers to Base Zoning District A = Ancillary	SECTION 118-631: TABLE OF PERMITTED USES															
	Conditions	NON-RESIDENTIAL DISTRICTS								TOWN CENTER						
		R-1-S	O-1	LR	C-1	C-2	OC	I-1	I-2	U	AG	Edge	General	Center	Core	Freeway
Data Center, General	30				S		S	S								
Data Center, Small-scale	30				S	S		S	S							

Additionally, the City anticipates the topic of data centers to be visited in great detail by the 90th Texas Legislature, as we have already seen Committee assignments to study the impacts. Utilizing the SUP requirement for City applications will allow the city flexibility to review projects case-by-case while awaiting any actions taken at the state level.

Based on any updated regulatory changes, updates to safety or environmental concerns, and any other additional information, the City will begin to craft a standardized set of neighborhood protections or other criteria that would be considered with each application. There may be specific sizes, scales, or types of operations that may be acceptable in



certain zones (for example, when serving as an ancillary use for a school, a hospital, or other major employer, as part of their standard business operations). The City will continue to evaluate these factors and provide additional recommendations, if necessary.

PLANNING & ZONING COMMISSION: The Planning & Zoning Commission will conduct an initial public hearing on this item on July 20, 2026 and their recommendation will be provided to the City Council at the July 27th meeting.

RECOMMENDATION:

Approve Ordinance No. 3965 with any recommended modifications.