

Data center pause highlights growth debate

A moratorium — once a nonstarter in Charlotte — has been put in place for data center development for 150 days

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The moratorium approved for Charlotte this week is temporary, but the questions it raises about growth and regulation are likely to linger as the political landscape shifts



Groups who supported a data center moratorium packed the Charlotte-Mecklenburg Government Center chamber at a public hearing on May 26. Charlotte City Council voted unanimously to pass the 150-day moratorium on new data center development on Monday (the moratorium does not apply to projects already approved). (Photo by Ashley Fahey/The Charlotte Ledger)

by Ashley Fahey

Charlotte's pause on building new data centers could represent a sensible step to give the city more time to study and develop regulations.

Or, perhaps, it's another indication of a more skeptical political posture toward growth and an early move toward tighter regulations and skepticism around new development. In response to **Charlotte City Council's** unanimous vote Monday to enact a 150-day moratorium on new data center projects, leading figures in Charlotte real estate and planning say they aren't sure which of those interpretations is correct (and say maybe they both are).

It's believed to be the first time a citywide moratorium around new development has existed, at least in modern history, and Charlotte joins several other communities in the fast-growing region seeking to slow some forms of new construction. Monday night's moratorium is intended to press pause until further research can be done on data centers, especially hyperscale facilities that use enormous amounts of water and power.

Moratoriums are in place across the Charlotte region. In fact, a map presented by **True Homes** founder and partner **Dan Horner** at a recent housing innovation summit in Charlotte showed a checkerboard of moratoriums and "capacity issues" stymying projects in towns and municipalities that ring Mecklenburg County.

Rob Nanfelt, executive director of the **Real Estate and Building Industry Coalition**, said he has no problem with the city putting together a task force or a group to figure out the best approach for a regulatory framework for data centers. The moratorium is expected to include a group of stakeholders, though who will be involved in that is still unknown.

“It makes all kinds of sense — you can provide good policy guidance,” he continued. “But anytime you put in a moratorium ... My concern is the intentions of whatever the next step is.”

It’s unclear what city staff will recommend when Nov. 5 arrives, which is when the moratorium is set to expire. The city of Charlotte remains limited by state law in how it can regulate land-use policy on data centers, although there are some bills making their way through the legislature that could either regulate large data centers or give local governments more authority in decisions about them.

Nanfelt said the trend on council lately seems to be “very anti-business,” citing the data center discussion, the airport and other development-related issues. He cited the April council zoning meeting, in which two rezoning petitions that included affordable or workforce housing had a motion to be denied (both ultimately passed).

Douglas Welton, chairperson of the city’s planning commission and zoning committee, told The Ledger the data center opposition is similar in some ways to opposition to industrial development in places like west Charlotte, given the environmental concerns. But it’s also different in other ways, he added, mostly because data centers have become such a hot-button issue across the U.S.

“The national noise is there: whether or not it is valid noise is a different story,” Welton said. “New technology always has people wondering: Is this going to be a good thing or a bad thing? Is it going to cause a problem?”

He's not sure what will come at the end of the moratorium, adding there will probably be a staff report and council will be able to make choices based on that. But because a 2024 law strips the ability of local governments to downzone properties without the written consent of property owners, the city's powers are limited, he added.

Welton said he's been on zoning committees for the past six years and that a motion to deny a rezoning is very rare. In his time evaluating rezoning petitions, he's seen three denied, and "two were self-inflicted wounds."

"To see the motions to deny [in April] was shocking," he continued. "I think council has started to break into factions, and there are factions that are more pro-growth ... I am concerned, just because the growth isn't going to stop, not anytime soon."

A more pro-growth council means it's not a crapshoot for developers to go before council when they file a rezoning petition, but that's been "a little bit challenged" in the past year or so, Welton said.

As for whether there will be more moratoriums to come: "Never say never," Welton said, but added fear around data centers was the key driver with this week's moratorium.

There are a lot of unknowns about hyperscale data centers, and while council can impose a moratorium (within state law rules, that is), it would be unwise for council members to halt development every time something pops up that they don't understand, Welton added.

Liz Morrell, director of public policy research at the **Charlotte Urban Institute**, also said she thinks the moratorium is unique because of broader concerns around data centers rather than a sign of growing anti-development sentiment. The moratoriums in places like Cabarrus and Lancaster counties are more about growth and development in general (Troutman in Iredell County, for example, is amid a 30-month moratorium because of wastewater capacity, and Lancaster's moratorium specifically halts residential development in the county's panhandle region).

Morrell said she would be surprised if Charlotte City Council began passing moratoriums on other land-use types or development concerns, although she did note this week's data center moratorium newly establishes that precedent for the city.

But people who have been vocal in their opposition to hyperscale data centers may feel emboldened as more council members express skepticism about business and corporate influence in policy decisions. Local politicians know they have to appeal to influential Democratic political groups ahead of what'll be a very competitive mayoral race in 2027.

In fact, during a separate vote on Monday about the city's fiscal year 2027 budget, council member **Dimple Ajmera** said she thinks the city should review what it subsidizes to see whether the city is "introducing subsidies to large corporations on the back of the very people we are trying to protect." (This came shortly after City Council voted 10-1 to approve \$2.9M in incentives to **Averitt Express** and \$1M to **Capital Group**.)

Robert Dawkins, political director of community advocacy group **Action NC**, told The Ledger after the moratorium vote on Monday that his group isn't anti-data centers outright, but he wants to see more protections around where data centers get built in Charlotte and mitigate their impacts on communities.

When asked if there were other land-use matters his group was concerned about and wanted to bring up before council, Dawkins said "there's always something to be worried about with land use," adding he wants to go back and relook at a lot of things in the city's Unified Development Ordinance.

"I think this council actually listened to people. But now we've got to turn that into action. And that's what we're hoping we'll see," Dawkins said.

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