

## **Data Center Regulation Ordinance**

By Shaffer, Chowdhury, Osman, Palmisano, Payne, Rainville, Vetaw, Warren, Whiting

Notice of intent to introduce at the next regular meeting of the City Council the subject matter of an ordinance amending Title 20 of the Minneapolis Code of Ordinances relating to Zoning Code, amending regulations for certain uses associated with distribution and use of electric power, including data centers, electric or gas substations, backup generators, utility boxes, and battery energy storage systems:

1. Chapter 535 Overlay Districts
2. Chapter 540 Built Form Overlay Districts
3. Chapter 545 Use Regulations
4. Chapter 550 Development Standards
5. Chapter 565 Definitions

Within this body of work, updated regulations for data centers are expected to address:

- A new definition of the use
- The allowed size and scale
- Zoning districts where the use is allowed
- Required disclosure about expected use of water

A staff presentation and report of proposed amendments will occur on July 16, 2026 at the City Planning Commission, Committee of the Whole. A 60-day public comment period will then commence. The timeline for subsequent meetings and legislative process dates are found in the attachment.

## **Data Center Timeline and Work Plan**

These proposed updates to the zoning code will allow the City to more effectively and efficiently regulate data centers in an era of rapidly changing technology and increased demand. While it's highly unlikely that Minneapolis would ever see proposals for the so-called "hyperscale" data centers that have become a source of great controversy in more suburban and rural areas, data centers of all sizes are rapidly becoming critical infrastructure, and the city would benefit from greater clarity and stronger standards related to these facilities. These amendments will also establish and update standards for other uses associated with the distribution and use of electric power. These include electric substations, backup generators, electric utility boxes, and battery energy storage systems.

### **Why now?**

Data centers have existed in Downtown Minneapolis for decades, with CPED estimating that 7-8 such facilities are in use right now by entities ranging from Wells Fargo to Hennepin Healthcare. Older, purpose-built data centers are currently being retrofitted to meet modern needs. Notable examples include the Sleep Number building, which sold earlier this year for \$235 million, more than eight times its 2025 valuation, and the former Wells Fargo building, 255 2<sup>nd</sup> Ave. S., a purpose-built data center from the late 1970's, which is now being retrofitted for modern needs.

Currently, Minneapolis does not have a standalone "data center" category in its zoning code. The city classifies these facilities as "communication exchanges," an old, broader category that covers computing, telecommunications, and data storage infrastructure. Prior to 2023, communications exchanges were permitted uses in downtown, meaning no special scrutiny was applied to them. In 2023 their status shifted to conditional, meaning a conditional use permit must be obtained from CPED prior to construction. The CUP process creates a meaningful public venue for review, but Minneapolis has not adopted standards specific to modern data facilities.

Let's consider this economic opportunity as one way to help build back our city's commercial tax base, reuse vacant office buildings, and attract new businesses and jobs. Let's plan for growth, while mitigating harms, with sustainable, thoughtful regulation to protect the public good.

## **Goals of the updates**

Updated regulations for data centers are expected to address:

- A new definition of the use
- The allowed size and scale
- Zoning districts where the use is allowed
- Required disclosure about expected use of water, electricity, and backup generators

While the City's new zoning code took effect in 2023, there have been ongoing amendments to address changing conditions and trends, new or evolving uses, and changes to state laws. Due to the rapid expansion of data centers, many communities in Minnesota and across the country are also currently examining and revising standards that regulate this use.

## **Relevant sections of the zoning code**

The following chapters of the zoning code may be affected:

- Chapter 535, Overlay Districts
- Chapter 540, Built Form Overlay Districts
- Chapter 545, Use Regulations
- Chapter 550, Development Standards
- Chapter 565, Definitions

## **Adoption process**

Changes to the City's zoning code undergo CPED staff analysis, stakeholder input, a review of regulations in peer cities, and consultation with the City Attorney's Office and other City departments. Analysis will include but will not be limited to:

- Water use and wastewater impacts
- Power supply impacts
- Environmental and noise impacts from accessory generators
- Potential economic impacts
- Potential for re-use of underutilized commercial and industrial buildings
- How the use aligns with the goals and policies of the Minneapolis 2040 Comprehensive Plan

Changes to the zoning code include a public hearing of the City Planning Commission prior to consideration by the City Council.

<https://www.minneapolismn.gov/business-services/planning-zoning/amendments/process/>

## **Proposed Meeting Dates**

- City Planning Commission, Committee of the Whole (**July 16, 2026**) *This meeting includes a staff presentation of the staff report and proposed amendments. This meeting will not include an opportunity for public testimony.*
- 60-day public comment period
- City Planning Commission (**October 13, 2026**). *This meeting includes the opportunity to provide testimony at a public hearing.*
- City Council Business, Housing, & Zoning Committee (**November 4, 2026**). *This meeting will include a staff presentation and Committee discussion and recommendation. This meeting will not include an opportunity for public testimony.*
- Minneapolis City Council (**November 12, 2026**). *The City Council will take final action on the amendments.*
- Mayor Signature. *The Mayor will sign or veto the City Council action, typically within a week of final Council action.*
- Ordinance Publication. *The ordinance goes into effect the day following official publication.*

## **Media Requests**

For all media inquiries, contact the City of Minneapolis Communications Department