

An aerial photograph of Minneapolis, Minnesota, showing a dense urban skyline with various skyscrapers and buildings. In the foreground, there is a large, lush green park with a winding path and a calm lake reflecting the sky. The sky is blue with scattered white clouds. A large, semi-circular blue graphic element is overlaid on the right side of the image, containing the title and authors information.

Temporary Data Center Moratorium

Authors: Council Members Chowdhury and Chavez

Current Pause / Moratorium

- Pause on all data center developments in Minneapolis other than projects within the downtown core
- Pause has been in effect since May 21 and will be in effect for 6 months.
- Will end upon completion of a regulatory framework and/or by the end of November
- Exemptions: projects in the Downtown Core that are 350,000 sqft. or less
- State law only allows for a moratorium of up to one year

Purpose of a Pause / Moratorium

- Temporary pause on new data center development
- Allows time to create a comprehensive regulatory framework
- Supports smart growth and long-term planning
- Not a ban or anti-development measure

Why Cities Use Pauses / Moratoria

- Common planning tool used by local governments
- Allows time to update zoning and policies
- Helps evaluate emerging industries
- Encourages public engagement before major decisions

Historical context

The first Data Center in Minneapolis was constructed in 1988, located at 1001 3rd Ave S (Sleep Number Building). It was originally a data center for a high-security mainframe hub designed to protect and process the operational core of a national financial institution. In 2004, it became a co-location model, hosting various companies that used its data storage and computing services.

In 2019, Legacy Investing acquired the property and initiated modernization upgrades. In January 2026, the asset was acquired by a joint venture between Cloud Capital and Arcapita, positioning the facility for expanded AI-centric deployment with Nebius as a primary anchor tenant.¹

Data centers have been present in Minneapolis since then hosting various operations for hospitals, universities, and other telecommunication services.

However, companies are now expanding to support uses such as AI and app improvements.

What are Modern Day New Generation Data Centers?

- Large facilities housing servers and computing equipment
- Power cloud services and artificial intelligence systems
- Significantly larger than traditional server rooms
- Operate 24/7 at high energy demand

Scale of Resource Consumption

- 50 MW facility can use power comparable to:
 - 40,000–55,000 homes²
- Facilities operate continuously
- Annual water use:
 - Data centers can consume millions to hundreds of millions of gallons of water annually, depending on facility size and cooling systems.
 - A medium-sized data center can consume up to approximately 110 million gallons of water per year³
- Potential impacts on utilities and infrastructure
- Clustering/Networking effect

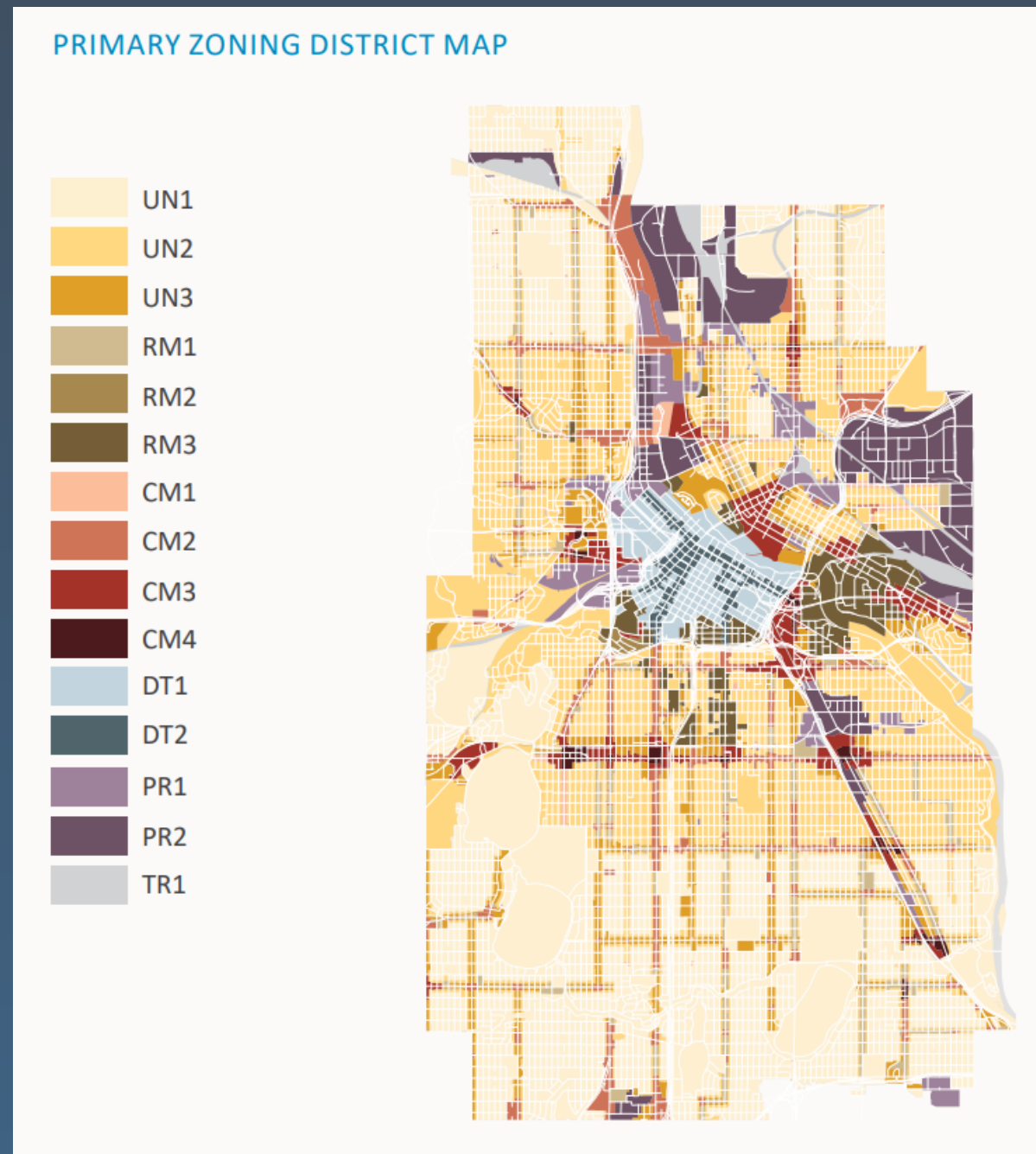
***NOTE* THIS DESCRIPTION IS NOT BROAD AND BASED IN ONLY A FEW SOURCES, AND SIZES MAY VARY.⁴⁻⁷**

Data Center Sizes & Types

DATA CENTERS VARY SIGNIFICANTLY IN ENERGY AND WATER USE DEPENDING ON THEIR SIZE AND TYPE.

Name	Description
HYPERSCALE > 100 Megawatts	Purpose-built for massive computing and data storage. Essentially, they are colossal single or multi-tenant data centers that typically house 5,000 or more servers. ⁴
CO-LOCATION 10 – 100 MW	Third-party providers operate these facilities, leasing space, power, and cooling to multiple enterprise clients. Various companies can rent out “racks” for their data operations. ⁵
ENTERPRISE 1 – 20 MW	Typically built and managed by a single organization for their internal IT operations, often located on-premises or at a corporate headquarters. Examples include; hospitals and universities. ⁶
EDGE 1 – 10 MW	Smaller facilities located closer to end users to reduce application latency. Example: streaming services or smartphone applications. ⁷

Status Quo Data Center Regulation & Regulatory Gap



Currently, in code, data centers are classified as “Communications Exchanges”, which are permitted with a Conditional Use Permit in the following.

The city doesn't currently differentiate between the various sizes of data centers.

Communication exchange. A building where phone calls are switched to and from major feeder lines, where internet service providers route internet traffic between their networks, or where some other form of electronic communication exchanges occur. Communication exchange shall not include a telecommunication tower, antenna, or base site.

- No specific data center definition in the city zoning code
- Currently classified as "Communications Exchanges"
- Can be considered in most zoning districts
- No distinction between small and large facilities

[illegible]

Why is this Action Needed?

Limited Regulatory Tools

- State law limits regulation primarily to square footage
- Industry measures projects by megawatts
- Similar-sized facilities may have vastly different impacts
- Current tools do not match industry realities

Policy needs to be created first to safeguard the public interest

- Permitting decisions can happen today
- City lacks sufficient information and standards
- Planning Commission needs stronger guidance
- Opportunity to establish clear guardrails
- Compliments policy timeline

Time to hear and address community concerns.

Areas of Consideration for Policy Line up with Constituent Concern

Considerations that are needed in creating a thoughtful, data-driven policy on data center development in Minneapolis:

- Water Usage and Capacity
- Energy and Utility
- Environmental Impacts & Cumulative Impacts
- Zoning and Land Use
- Tax Revenue and Economic Realities
- Community Benefits
- Neighborhood quality of life
- Need to prioritize public interests

Public education and deeper research are needed.

Next Steps

The authors of the regulatory framework for data centers are working with staff to develop the framework and will be focusing on the following areas of the code:

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

The Legislative Research and Oversight Department is conducting a landscape analysis of regulations governing data centers, both by region and nationwide, as well as their economic and environmental impacts. **The study report will come back to the council for presentation no later than August 18th.**

The study will assist with the regulatory framework and provide data-driven information to authors, staff, and the public.

6 Month Timeline

- 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 5, 2026**). This meeting will include a staff presentation and Committee discussion and recommendation.
- 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.

Sources

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