



Data Centers and Proposed Policy Framework

Austin Planning | Austin Energy | Austin Water | August 25, 2026

Purpose

- In response to the Data Centers post on the City Council Message Board.
- Discuss emerging higher-impact data center development.
- Present coordinated staff recommendations.
- Request Council feedback on proposed policy direction.
- Introduce resolution initiating code amendments and associated changes on August 27, 2026, City Council agenda.

Why this discussion?

- Austin's current regulations were developed for traditional data centers, not today's larger, higher-impact facilities.
- AI and cloud computing are driving interest in larger data centers that can create impacts not addressed in the Land Development Code.
- **Key concerns:**
 - Building scale and compatibility
 - Continuous operational noise
 - Heat and lighting impacts
 - Backup generators
 - Potential for significant electric and water demand
 - No land use category to track or regulate these types of facilities

Balancing Economic Development & Sustainability



- Data centers can provide important economic development opportunities.
- As Austin develops a regulatory framework, economic development and sustainability goals should be aligned.
- Potential policy direction:
 - Encourage resource-efficient (“green”) data centers
 - Minimize potable water consumption
 - Maximize energy efficiency
 - Protect natural resources



Current Regulations in Austin

- Current Regulatory Framework:
 - Traditional data centers are classified as **Communications Services** use
 - Generally allowed in **Limited Office (LO)** and less restrictive zoning districts
 - Larger colocation facilities might be locating in **Limited Industrial (LI)** zoning districts
 - The Land Development Code does **not** include a specific data center land use
 - Staff cannot reliably track data center development through zoning records

Existing Conditions

- Current Utility Conditions
 - Austin Energy:
 - 10 data centers ranging in electric load size from 1 MW up to 20 MW
 - No known 75+ MW hyperscale data center interconnection requests at this time
 - Austin Water:
 - No existing data center meets definition of “large volume” water customer (85 million gallons/year)
 - Total data center water use is less than 0.3% of total citywide water use
- On the Horizon
 - Inquiries and emerging projects across the region suggest that higher-impact facilities could request to locate within City limits in the future
- State and Federal Policy Guidance
 - Approach to data centers at state and federal levels continues to evolve and local governments need to be ready to identify reasonable processes

Industry Trends

- Data Centers are Getting Much Larger

Facility Type	Typical Scale
Edge	Less than 5 MW
Traditional	5-30 MW
Colocation	10-60 MW
Wholesale	20+ MW
Hyperscale	75+ MW to multiple GW

- Larger facilities often require:

- 50-1,000+ acre campuses
- Extensive cooling systems
- Utility infrastructure
- Backup generation
- Large equipment yards

Types of Data Centers



Edge

Capacity: Less than 5 MW

Building floor area: 5,000–50,000 sq. ft.

Site size: 1–5 acres

Description/Use: Small facilities located close to users to reduce latency. Often support telecommunications, healthcare, manufacturing, or local cloud services.

Traditional / Enterprise

Capacity: 5–30 MW

Building floor area: 20,000–150,000 sq. ft.

Site size: 2–10 acres

Description/Use: Owned and operated by a single company (banks, hospitals, universities, large businesses). Historically the most common type in cities.

Colocation

Capacity: 10–60 MW

Building floor area: 50,000–300,000+ sq. ft.

Site size: 5–20 acres

Description/Use: Third-party facilities where multiple customers lease server space. Can expand over time through multiple buildings.

Wholesale

Capacity: 20–100 MW

Building floor area: 100,000–500,000+ sq. ft.

Site size: 10–50+ acres

Description/Use: Large facilities leased to one or a few major customers. Often designed for cloud providers and AI companies.

Hyperscale

Capacity: 100 MW to over 1 GW (1,000 MW) across a campus

Building floor area: 500,000 sq. ft. to several million sq. ft.

Site size: 100–1,000+ acres

Description/Use: Massive campuses operated by major cloud and AI companies. Designed for continuous expansion and can include dozens of buildings and dedicated utility infrastructure.

Examples of Data Centers



Edge

Mercedes-Benz Stadium

Atlanta, GA

Vapor Edge Module

<1 MW

[Source](#)



Traditional/Enterprise

Bank of America Enterprise Campus

Richmond, VA

~30 MW

382,408 SF

[Source](#)



Colocation

1515 Round Table Dr, Dallas, TX

12MW

96,000 sq ft

[Source](#)



Wholesale

Ashburn II Vantage Data Center

Sterling, VA

96 MW

800,000 SF

[Source](#)



Hyperscale

Meta Temple

Temple, TX

~250 MW

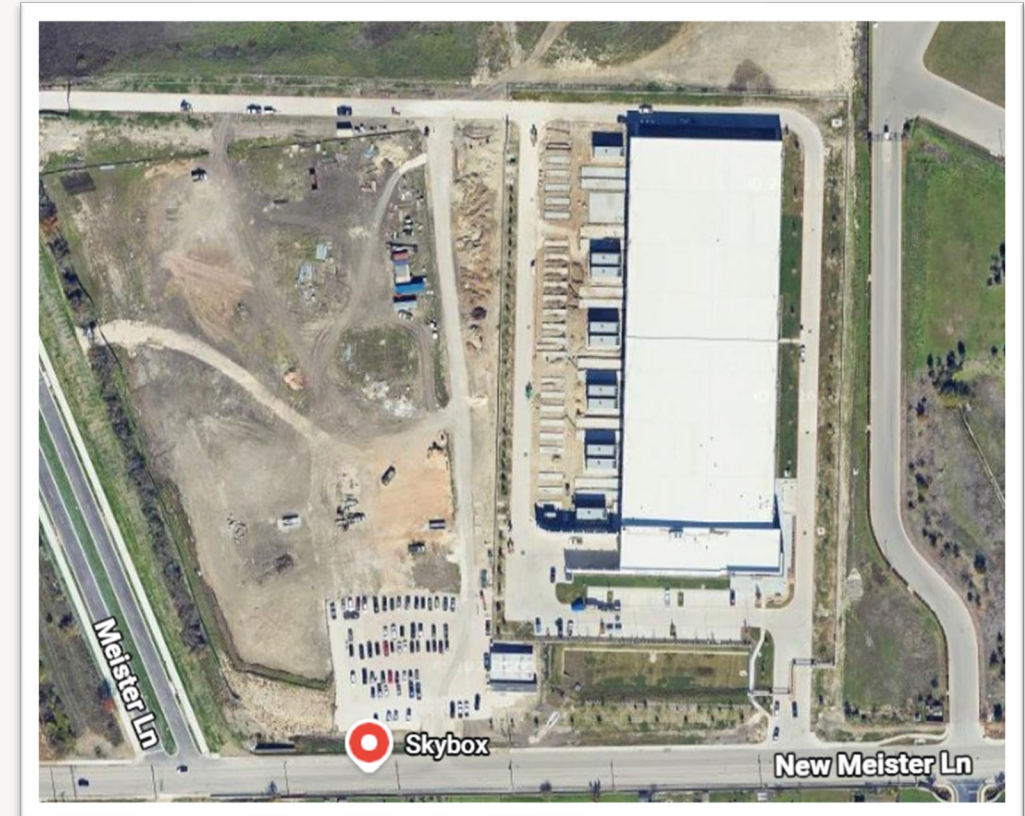
386 acres

750,000+ SF

The majority of existing facilities in Austin are Edge, Traditional/Enterprise, or smaller Colocation types.

Land Use Impacts of Larger Data Centers

- Constant noise
- Building and site design:
 - Large industrial building massing
 - Rooftop mechanical equipment
 - Utility yards and loading areas
- Exterior lighting
- Cooling infrastructure and heat generation
- Freight access and loading operations
- High power and water consumption



Skybox Datacenter in Pflugerville. Google Maps 2026.

Current Regulatory Gap

- Current code does not:
 - Differentiate traditional from hyperscale facilities
 - Define higher-impact data centers as a separate land use
 - Establish siting regulations
 - Require performance standards
 - Fully address compatibility impacts
 - Provide a mechanism for tracking development
- Current regulations are appropriate for traditional data centers but not larger, higher-impact data centers:
 - Code does not include a land use appropriate for higher-impact data centers;
 - Code does not specify where higher-impact data centers are permitted, conditional, or prohibited;
 - Code does not include requirements to mitigate potential impacts of higher-impact data centers.

Examples from Texas Jurisdictions

■ San Marcos, Texas:

- Recently voted to prohibit hyperscale data centers in all zones.

■ Irving, Texas:

- Defines data centers as principal and accessory uses via square footage. Allows principal use data centers as a conditional use. Includes standards that require 300-foot setback from residential, screening, maximum building height of 75 feet, and distinct standards for accessory uses.

■ Frisco, Texas:

- Allows data centers through a Special Use Permit in Highway Districts only.

■ Hutto, Texas:

- Defines Data Center use and allows them in industrial zones with a Special Use Permit.

■ Fort Worth, Texas:

- Is in the process of developing new regulations for data centers. Considering 250-foot building setbacks, screening, setbacks for backup generators, landscaping, acoustical barriers, and performance-based noise requirements.

Examples from U.S. Jurisdictions

- **Loudoun County, Virginia:**

- Defines data centers as a unique land use.
Applies design and location criteria.
Requires Special Land Use permit.

- **Phoenix, Arizona:**

- Withholds preliminary site plan approval until a utility provider can affirm its capacity and commitment to service the data center.

- **Mesa, Arizona and Chandler, Arizona:**

- Requires noise performance standards.

- **Dekalb County, Georgia:**

- Categorizes data centers based on size and energy needs. Allows less intense data centers by right in certain zones. Restricts high intensity data centers to industrial districts and requires a Special Land Use permit.

Austin Energy and Data Centers



- Austin Energy has a statutory obligation to serve all customers.
- New customer connections undergo engineering studies to ensure no reliability impacts to the electric grid.
- Policies are already in place to protect existing customers.
 - New customers must pay 100% of costs upfront for line extensions and infrastructure associated with requests for electric service.
 - New large (>20 MW) customers must also agree to curtailing at least 50% of their energy usage in an ERCOT energy emergency or in the event of a localized reliability event.

Austin Water and Data Centers

- Policies in place to protect existing customers:
 - New development funds and builds infrastructure required to serve their site
 - Rates are set to recover the cost of serving each customer class (residential, multi-family, commercial and large-volume)
- Existing processes drive water efficiency and reclaimed water use
 - Water Benchmarking Application through City's development process
 - Cooling Tower Efficiency Program
 - GoPurple Program for centralized reclaimed water and onsite water reuse
- Existing pretreatment program for industrial customers protects Austin Water's wastewater system

Staff Recommendations

- Staff recommends a coordinated approach to address the land use, operational, and utility impacts of higher impact data centers.

Land Use

Establish land use definitions for data center types
Identify appropriate zoning districts
Develop site development regulations

Establish Performance Standards

Require standards addressing water, noise, heat, and lighting
Develop review and enforcement mechanisms

Economic Development Policy

Develop City policy that clearly articulates Austin's approach to future data center development and sustainability objectives

Land Use Recommendations



- Create new land use definitions for data centers that are differentiated based on level of impact
- Create new zoning designation for highest-impact data centers
- Identify zones where the uses are permitted, prohibited, or allowed through a conditional use permit
- Establish site development standards, performance-based standards, and conditions for data center uses by land use and zone



Recommended Development Standards

- **Compatibility and Siting**

- Establish specific-to-use regulations for data centers such as landscape buffering and increased setbacks

- **Site Design and Screening**

- Require fully enclosed screening of mechanical equipment

- **Noise Mitigation and Monitoring**

- Require project-specific noise studies and/or noise level limitations

- **Generator Operations**

- Set operational standards for generator testing

- **Cooling Infrastructure Considerations**

- Explore various cooling methodologies and implement strategies such as requiring reclaimed water and Power Usage Effectiveness (PUE)

Austin Energy Recommendations



- Austin Energy supports the adoption of land use and zoning categories for data centers.
- Land use and zoning restrictions can be accomplished without violating the utility's obligation to serve because it is based on land use authority rather than limiting the electric utility's connection of required service to all customers.
- Land use classification would apply prior to the application of the requirement for Austin Energy to serve all customers, and the zoning would be the gate a customer must go through before utility service.

Austin Water Recommendations

- Adopting land use and zoning categories for data centers will assist with water supply planning and accounting for overall data center water use.
- Requiring new high impact data centers to demonstrate water efficient measures that reduce potable water use.

- Resolution to initiate code amendments and associated changes on the August 27, 2026, City Council agenda
- Staff will continue working with:
 - Austin Energy
 - Austin Water
 - Development Services
 - Economic Development
 - Other partner departments
 - Industry stakeholders
 - Community members
- Bring back proposed code amendments by spring 2027
- Future Deliverables
 - Draft code amendments
 - Performance standards
 - Zoning recommendations
 - Boards and Commissions Review
 - City Council Consideration