



City of Austin

Recommendation for Action

File #: 26-2329, **Agenda Item #:** 61.

8/27/2026

Posting Language

Approve a resolution initiating amendments to City Code Title 25 (Land Development Code) and other provisions of City Code or regulations necessary to establish land uses, site development regulations, and development processes, for data center use in certain zoning districts and to develop business regulations and permit requirements applicable to data center operations. Funding: This item has no fiscal impact.

Lead Department

Austin Planning Department.

Fiscal Note

No fiscal impact.

For More Information:

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Additional Backup Information

Data centers are buildings that house infrastructure to support computing functions; they are filled with numerous servers that process and store the data that supports businesses, telecommunications, and the modern internet. Data center sites may also include infrastructure related to maintenance, cooling, and backup electricity generation, as well as vehicle parking and loading. They may also be collocated with other uses on a site.

The rapid growth of artificial intelligence (AI) and cloud computing is driving increased interest in higher impact data center development throughout Texas and the rest of the United States. Some new facilities that are being built across the country differ substantially from traditional data centers in both scale and operational characteristics, often requiring large campuses, extensive utility infrastructure, and substantial on-site equipment. The new, higher-impact data centers coming online across the United States tend to use significant amounts of power and water, generate heat, and may impact air quality if they choose to use certain types of emergency backup or primary generators on-site.

While Austin Energy and Austin Water have robust processes to review utility requirements for new development, including large users, the City's current regulatory framework does not fully account for the unique characteristics of emerging higher-impact data centers, including hyperscale facilities. Higher-impact facilities raise significant compatibility concerns regarding visual, heat, and noise impacts due to building scale, mechanical equipment, backup generators, lighting, and continuous operations, as well as concerns related to the scale of their electric and water usage. Current regulations do not allow the City to track the development of these uses over time, do not sufficiently limit where they can be located, and do not adequately address the potential impacts of higher-impact data centers.

Staff is providing a memorandum with recommendations. This item would initiate modifications to chapter 25-2 of the Land Development Code and allow for other regulatory changes to implement the recommendations.