

**TOWN OF HOT SPRINGS, NORTH CAROLINA
MADISON COUNTY**

ORDINANCE NO. 2026-713

**A TEMPORARY DEVELOPMENT MORATORIUM ORDINANCE
REGULATING DATA CENTERS, CRYPTOCURRENCY MINING FACILITIES,
SERVER FARMS, AND HIGH-DENSITY DIGITAL INFRASTRUCTURE**

WHEREAS, the Town of Hot Springs Board of Aldermen is authorized to adopt a temporary development moratorium pursuant to N.C. Gen. Stat. § 160D-107; and

WHEREAS, the Town of Hot Springs is a small mountain community situated at the confluence of the French Broad River and Spring Creek in Madison County, North Carolina, whose character, natural resources, water quality, and quality of life are among its most cherished assets; and

WHEREAS, the Town of Hot Springs is home to the Appalachian Trail, the French Broad River, natural hot springs, and other ecological and recreational resources that attract visitors and define community identity, and that are uniquely vulnerable to the impacts of large-scale industrial digital infrastructure; and

WHEREAS, the Town of Hot Springs has experienced significant damage and disruption from Hurricane Helene and is in an active long-term recovery period during which careful stewardship of community resources is especially critical; and

WHEREAS, data centers, cryptocurrency mining operations, and server farms are high-intensity industrial land uses that consume extraordinary amounts of electricity and water, generate persistent high-decibel noise, produce significant heat and air emissions, and may discharge pollutants that threaten local waterways and groundwater supplies; and

WHEREAS, the French Broad River and Spring Creek serve as drinking water sources and vital ecosystems for Hot Springs and surrounding communities, and any contamination or thermal pollution resulting from industrial digital infrastructure could cause severe and lasting harm to these resources; and

WHEREAS, data centers typically consume millions of gallons of water per year for cooling purposes, placing demands on municipal water systems and local watersheds that may be incompatible with the needs of existing residents, businesses, and the natural environment; and

WHEREAS, the persistent noise generated by data center cooling systems, diesel generators, and related equipment, which may reach 90 to 96 decibels, would

cause significant harm to the quality of life of Hot Springs residents and could negatively impact the Town's outdoor recreation economy; and

WHEREAS, the Town of Hot Springs amended its Zoning Ordinance on November 10, 2025, classifying Cryptocurrency Mining and Data Centers as Special Uses permitted only within the M-Industrial District, subject to review and approval by the Board of Adjustments, which represents a meaningful protective step that the Board of Aldermen wishes to build upon and strengthen; and

WHEREAS, notwithstanding the November 2025 amendment, the Town's Zoning Ordinance does not define the terms 'Data Center' or 'Cryptocurrency Mining Facility,' creating ambiguity that a well-resourced applicant could exploit to argue that a proposed facility does not meet the threshold for Special Use review; and

WHEREAS, the Town's Zoning Ordinance does not establish performance standards specific to Data Centers or Cryptocurrency Mining Facilities, including noise limits, water consumption caps, cooling system requirements, or energy demand thresholds, meaning that an applicant could satisfy the Special Use process and still place significant and lasting strain on the Town's water supply, wastewater system, electrical infrastructure, and quality of life; and

WHEREAS, the Special Use process established in the Zoning Ordinance provides a procedural gate for these uses but does not provide the Board of Adjustments with sufficiently specific environmental or infrastructure-based standards to support a denial, leaving the Town legally exposed if a well-funded applicant challenges an adverse decision; and

WHEREAS, multiple companies have reportedly contacted Western North Carolina municipalities regarding the use of former industrial and other sites for data center and cryptocurrency mining operations, indicating that Hot Springs may face similar inquiries in the near future; and

WHEREAS, neighboring communities including the Town of Canton, the Town of Waynesville, and several surrounding counties have adopted moratoriums or restrictive ordinances in response to the anticipated impacts of data center development, reflecting a regional recognition of the urgent need for protective regulation; and

WHEREAS, the Town of Hot Springs Board of Aldermen finds it necessary to impose a temporary moratorium on the acceptance, processing, and approval of Special Use permits and other applications related to Data Centers, Cryptocurrency Mining Facilities, Server Farms, and High-Density Digital Infrastructure in order to allow sufficient time to close the regulatory gaps identified herein and to develop definitions, performance standards, and other protective amendments to the Zoning Ordinance; and

NOW, THEREFORE, BE IT ORDAINED by the Board of Aldermen of the Town of Hot Springs, North Carolina, as follows:

Section 1. Findings

The Board of Aldermen hereby adopts and incorporates the foregoing recitals as findings of fact in support of this Ordinance.

Section 2. Definitions

For the purposes of this Ordinance, the following terms shall have the meanings set forth below:

"Data Center" means any facility, building, or structure primarily used for the storage, management, processing, or distribution of large volumes of digital data, including but not limited to cloud computing facilities, colocation centers, and enterprise data processing centers.

"Cryptocurrency Mining Facility" means any facility, building, structure, or operation engaged in the computational process of generating, validating, or otherwise producing cryptocurrency or digital tokens, whether as a primary or ancillary use.

"Server Farm" means any facility housing a large number of networked computer servers for the purpose of storing, processing, or distributing data, whether operated by a single entity or multiple tenants.

"High-Density Digital Infrastructure" means any other large-scale facility substantially similar in character, intensity, energy demand, water consumption, or environmental impact to the facilities defined above, as determined by the Town's Zoning Administrator.

Section 3. Moratorium — Scope and Effect

Effective upon adoption of this Ordinance, and for a period of one (1) year thereafter unless earlier terminated or extended by the Board of Aldermen, the following actions are hereby suspended and prohibited within the Town of Hot Springs planning and zoning jurisdiction:

1. The acceptance of any application for a Special Use permit, development permit, building permit, zoning permit, conditional use permit, variance, rezoning, or any other land use approval for a Data Center, Cryptocurrency Mining Facility, Server Farm, or High-Density Digital Infrastructure facility, including any such application in the M-Industrial District where these uses are currently classified as Special Uses;

2. The processing, review, or approval of any such application that may have been received prior to the effective date of this Ordinance but has not yet received final approval; and
3. The issuance of any certificate of occupancy for any facility described above for which a permit was issued in anticipation of such use.

Section 4. Purpose of the Moratorium

During the moratorium period, the Town of Hot Springs shall undertake the following actions to strengthen the existing Zoning Ordinance and close identified regulatory gaps:

1. Develop clear and enforceable definitions of 'Data Center,' 'Cryptocurrency Mining Facility,' 'Server Farm,' and 'High-Density Digital Infrastructure' for incorporation into the Zoning Ordinance, so that the scope of regulated uses is unambiguous and not subject to legal challenge;
2. Establish specific performance standards for these uses within the M-Industrial District, including without limitation: maximum permissible noise levels at property boundaries; daily and annual water consumption limits; wastewater discharge restrictions protective of Spring Creek and the French Broad River; energy demand thresholds; cooling system requirements; and landscaping and buffering standards;
3. Develop specific and articulable findings that the Board of Adjustments must make in order to approve or deny a Special Use application for these uses, providing a defensible legal basis for any adverse decision;
4. Study the potential impacts of these uses on the Town's water supply, wastewater system, electrical infrastructure, roads, air quality, noise environment, natural resources, and community character;
5. Consult with state and regional agencies, neighboring municipalities, utility providers, environmental experts, and community stakeholders regarding appropriate regulatory frameworks; and
6. Engage the public in a transparent planning process before any such uses are considered for approval within the Town.

Section 5. Exceptions

This Ordinance shall not apply to:

1. Any Data Center, Cryptocurrency Mining Facility, Server Farm, or High-Density Digital Infrastructure for which a valid and fully executed development permit was

issued prior to the effective date of this Ordinance, provided that construction has commenced in good faith and is proceeding with reasonable diligence;

2. Small-scale on-site server rooms or IT closets that are accessory and incidental to the primary permitted use of a structure and that do not independently qualify as a Data Center or Server Farm as defined herein; or
3. Governmental or public utility computing infrastructure operated by or on behalf of a federal, state, or local government entity.

Section 6. Duration and Review

This Ordinance shall take effect upon adoption and shall remain in force for a period of one (1) year, expiring on July 13, 2027, unless extended or earlier terminated by action of the Board of Aldermen. Prior to expiration, the Board of Aldermen shall review the status of any proposed land use amendments and shall determine whether an extension is warranted pursuant to N.C. Gen. Stat. § 160D-107.

Section 7. Severability

If any section, clause, sentence, phrase, or provision of this Ordinance is held invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity of the remaining portions of this Ordinance, which shall continue in full force and effect.

Section 8. Conflicts

To the extent any prior ordinance, resolution, or policy of the Town of Hot Springs conflicts with this Ordinance, this Ordinance shall control during the moratorium period.

Section 9. Effective Date

This Ordinance is hereby adopted by the Board of Aldermen of the Town of Hot Springs, North Carolina, at a duly noticed public meeting held on July 13, 2026, and shall take effect immediately upon adoption.

SO ORDAINED, this the 13 day of July, 2026.

TOWN OF HOT SPRINGS, NORTH CAROLINA

Abigail Norton
Abigail Norton, Mayor

ATTEST:

Town Clerk, Town of Hot Springs

APPROVED AS TO FORM:

Town Attorney

BOARD OF ALDERMEN — VOTE

Lisa Gahagan, Alderwoman ☒ Aye ☐ Nay ☐ Abstain

Tammy Shelton, Alderwoman ☒ Aye ☐ Nay ☐ Abstain

Wendy Stancil, Alderwoman ☒ Aye ☐ Nay ☐ Abstain