NAR STATE AND LOCAL POLICY

DATA CENTERS AND LOCAL REAL ESTATE

An issue brief for state and local REALTOR® associations

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Data centers bring the digital economy into local land-use decisions. A proposed facility can mean new investment, tax revenue, and some new jobs. It can also raise questions about the availability of electricity and water, compatibility with neighboring properties, and the cost of the necessary infrastructure. Communities must evaluate the benefits and drawbacks side by side.

The central questions are practical: Where do data centers belong, at what scale, under what conditions, and who should pay for the infrastructure required to serve them? This backgrounder explains the policy responses and offers questions REALTOR® associations can use to participate in the discussion.

WHY THIS MATTERS TO REALTORS®

Data centers house the servers and related equipment that support digital services, and their physical requirements connect them directly to decisions about land, buildings, utilities, and community growth. Federal research estimated that data centers accounted for 4.7 percent of U.S. electricity consumption in 2024 and projected that share could reach nearly 12 percent by 2030, illustrating the scale of their role in infrastructure planning.[1]

For real estate professionals, the questions are about much more than the facility itself. Will the site strain the resources available to other residents? Will utility expansion also serve planned housing and businesses? How will construction activity, neighboring land uses, and the local tax base be affected? These questions give associations a useful role even where they have not adopted a position on data-center development.

NAR's September 2026 research emphasizes that market conditions differ. Counties with greater data-center activity generally have stronger housing and job market indicators, but the correlation doesn't prove causation. County-level findings also cannot determine the effect on individual neighboring properties. The research reports mixed residential opinions and more positive commercial views among surveyed REALTORS®. NAR itself does not have an official policy position on data centers at this time.[2]

Start with the project and its setting

A smaller facility serving local businesses and a large AI computing campus should not be assumed to have the same impacts. Any review of a new proposed data center should start with the proposed building area, electrical demand, cooling requirements, equipment, operating conditions, and expansion plans. Location matters greatly: proximity to homes, available infrastructure, and other proposed facilities can change the questions that need to be answered.[3]

HOW COMMUNITIES ARE RESPONDING

The following approaches can be combined. For example, an incentive agreement can include disclosure and infrastructure commitments, while a zoning approval can include operating conditions. In some cases, authority lies with the state, while in other cases it lies with the local government. Review should distinguish conditions a locality can impose from matters requiring state or federal approval, such as utility or environmental reviews.

1 Evaluating economic development benefits

Tax incentives, infrastructure participation, and predictable approval processes can be used to attract investment. The relevant fiscal question is the public benefit after incentives and costs are considered. A project's announced capital investment does not by itself establish the amount of recurring local revenue or number of permanent jobs.

A useful review separates construction jobs from ongoing jobs, identifies the taxable property and available exemptions, and tests which improvements the public would finance. Agreements can define measurable commitments, reporting requirements, and circumstances in which incentives are reduced or recovered.[4]

Questions to ask: What benefits are projected, over what period, and under what assumptions? What happens if the investment, employment, or infrastructure commitments are not delivered?

2 Establishing locations and operating standards

Zoning and development standards can address site suitability, setbacks, screening, lighting, noise, access, and the placement of generators and other equipment. Review can also take into account water availability, construction impacts, and the combined demands of multiple data center projects.[5]

Standards may be tailored to a project's scale and measurable impacts. A conditional-use or special-exception process allows local officials to review a proposed data center individually and set conditions for approval. Clear requirements help applicants understand what information they must provide and how they must address potential impacts.

For example, in March 2025, Loudoun County, Virginia, adopted amendments making data centers a conditional use requiring Board of Supervisors special-exception approval, eliminating their by-right status. The county's explanation illustrates how a jurisdiction can change its approval process to provide project-level scrutiny.[6]

Questions to ask: Does your community have standards and requirements for data centers? If so, are they clear enough to apply consistently? How will future expansion or a change in operating intensity be reviewed?



3 Considering a temporary pause

Where legally possible, a temporary moratorium can give officials time to study impacts and prepare regulations. But it also delays projects and creates uncertainty. For that reason, a moratorium's scope, exemptions, and ending conditions matter. Its value depends on a defined process for developing permanent rules.

For example, in August 2026, Memphis proposed a pause lasting up to twelve months, potentially ending earlier when comprehensive regulations are adopted, with a six-month progress report and possible extension. It includes protections for specified existing and vested uses.

Questions to ask: What specific concerns justify a temporary pause, and can they be addressed through existing review processes? Is the moratorium limited in scope and duration, with clear steps and deadlines for adopting permanent regulations? How will existing projects and property rights be protected?

4 Allocating infrastructure costs and risk

Infrastructure planning must account for both the facility's expected demand and the possibility that its actual use will differ. Utilities and regulators may consider dedicated rate schedules, minimum billing commitments, and exit provisions to address the risk that improvements built for a project are underused or overused. Local infrastructure agreements may separately address roads, water, or other improvements.[8]

For example, in July 2025, the Public Utilities Commission of Ohio approved an AEP Ohio data-center tariff settlement intended to protect other customers from cost-shifting associated with underused investments. AEP's published process includes load studies and contractual requirements for the data center's owner.[9]

Associations can play a role in determining how a project fits into plans for housing and other development. A commitment to pay the facility's monthly utility bill does not, by itself, answer who finances new infrastructure or bears the risk if demand estimates are incorrect.

Questions to ask: Which upgrades are required, when will they be available, and who pays upfront? What commitments address delayed construction, reduced demand, or early closure? How will the project affect capacity available for other planned uses?



5 Requiring information and tracking commitments

Disclosure makes the other policy tools workable. Officials need enough information to evaluate a facility's electricity demand, water supply and consumption, cooling system, backup or on-site generation, construction phases, and expansion plans. Where several projects are proposed, coordination between neighboring jurisdictions can help identify demands that would be missed in separate site reviews.

Officials should ask whether promised improvements are funded, when they will be ready, and what happens until then. For example, if a developer proposes recycling water to reduce demand on local supplies, where will the facility get its water before that system is running? If the facility will generate its own electricity, how often will that equipment operate, and what permits will it need?

Accountability continues after approval. Conditions and agreements can identify reporting duties, inspection or monitoring responsibilities, and remedies for unmet commitments. Public access to project information can be balanced with the owner's confidentiality needs. Long-term questions include expansion, changes in ownership, and responsibility for removal or reuse of specialized infrastructure.[10]

Questions to ask: Which commitments are enforceable, and by whom? What information will remain available after approval? Who checks actual impacts against the assumptions used to approve the project?

Approaches from REALTOR® Associations

The Greater Tyler Association of REALTORS® in Tyler, Texas has developed a policy position, model standards, and a project-review roadmap. Its materials emphasize proportional review, infrastructure responsibility, and compatibility with neighboring uses. This is one association's approach and not a national policy, but it is a helpful example of how an association can define standards for local project review.[11]

Texas REALTORS® also offers an online resource guide with questions about project scale, utilities, land use, housing, tax incentives, and public transparency. It encourages communities to assess proposals individually and highlights construction-worker housing, responsibility for infrastructure costs, and plans for facility reuse or decommissioning.[12]

Northern Virginia Association of REALTORS® (NVAR) has prepared a policy discussion brief examining data-center development and regulation in Loudoun, Fairfax, and Prince William counties. The brief discusses economic benefits alongside concerns about infrastructure capacity and compatibility with nearby homes. It also presents proposed policy language emphasizing developer transparency, accountability, and mitigation of adverse community impacts.[13]

The National Association of REALTORS® offers additional information, including a recap of its recent Research Summit on Data Centers and Real Estate.14 The resources examine economic and housing impacts, including county-level market trends and an analysis of home sales near existing data centers. Together, they underscore the importance of a local and evidence-based approach.



QUESTIONS FOR REALTOR® ASSOCIATIONS

Associations can begin by assembling available facts and identifying the decisions still open to public input. The following questions can organize discussions with policymakers, developers, and affected property owners.

- **Project and site:** What type and scale of facility is proposed? What expansions are contemplated? Which nearby homes, businesses, and planned developments should be considered?
- **Infrastructure:** What electricity and water demand is expected, including peak demand? Which upgrades and interim arrangements are required, and who finances them?
- **Community benefits:** What recurring tax revenue and permanent employment are projected after incentives? Are benefits binding or tied to measurable commitments?
- **Housing:** How many temporary construction workers and permanent employees are expected, and how will the developer and community plan for their housing needs?
- **Compatibility:** What studies address noise, lighting, roads, drainage, and surrounding uses? How do proposed conditions respond to the findings?
- **Authority and process:** Which decisions belong to the locality, the state, or federal agencies? When can residents participate, and what information is public?
- **Follow-through:** Who monitors conditions, what happens if commitments are missed, and how would expansion or closure be handled?

TALKING POINTS FOR LOCAL DISCUSSIONS

- **Data centers can bring major investment to a community.** Residents also deserve clear answers about what a project will mean for their neighborhoods, water supply, and electric bills.
- **Being for or against data centers is a false choice.** A community can welcome investment while still asking tough questions about where a data center belongs, how it operates, and who pays for the infrastructure it needs.
- **It is all about the details.** Before communities can weigh a project's benefits and costs, they need to know what is actually being proposed, and what could change as it grows.
- **This is a housing issue, too.** Communities need to consider what a data center could mean for nearby homes, household bills, and their ability to build more housing.
- **There is no single "data center effect" on housing markets.** What happens in one community won't necessarily happen in another.
- **Promises made before approval need follow-through afterward.** Who is responsible, when will the work be done, and how will the community know the commitments were kept?

As data-center development evolves, associations can contribute local market knowledge and help focus discussion on credible evidence, practical choices, and the interests of property owners. This initial framework provides a starting point for evaluating proposals and identifying issues that warrant more detailed analysis.



SOURCES AND FURTHER READING

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2. National Association of REALTORS®. **There's No Single "Data Center Effect" on Housing Markets, NAR Report Finds.** September 9, 2026.
3. Greater Tyler Association of REALTORS®. Data Center Development Policy Position and Model Standards, including Data Center Position Roadmap. Undated packet supplied September 13, 2026.
4. Ibid.
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6. Loudoun County, Virginia. **Data Centers Land Use Considerations.** Describes amendments adopted March 18, 2025.
7. City of Memphis. **Data Center Temporary Moratorium Ordinance v2.** Proposal included in August 18, 2026 committee materials.
8. Public Utilities Commission of Ohio. **PUCO Orders AEP Ohio to Create Data Center Specific Tariff.** July 9, 2025.
9. AEP Ohio. **Data Center Tariff.** Tariff documents, load-study process, and implementation information.
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11. Ibid
12. Texas REALTORS®. Data Center Resources. Accessed October 5, 2026. **https://www.texasrealestate.com/government-affairs/data-center-resources**
13. Northern Virginia Association of REALTORS®. Data Center Regulation in Northern Virginia. Policy discussion brief supplied by Drew Myers on October 5, 2026.
14. National Association of REALTORS®. Research Summit: Data Centers & Real Estate. **https://www.nar.realtor/research-summit-data-centers-real-estate**

Additional Background

NAR 2026 Data Center Impact Report

* Please note that the local policies and proposals included in this issue brief are intended to illustrate available approaches. Their inclusion does not imply NAR endorsement.

FOR QUESTIONS ON THIS ISSUE BRIEF, OR MORE INFORMATION ON DATA CENTERS, CONTACT:

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