



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Christopher Burton

SUBJECT: See Below

DATE: February 2, 2026

Approved

Date:

2/11/26

COUNCIL DISTRICT: 4

SUBJECT: H24-057 & ER24-254 - Administrative Hearing on the Appeal of the Planning Director's Approval and Environmental Appeal of a Site Development Permit Located at 2334 Lundy Avenue

RECOMMENDATION

- (a) Conduct a public hearing to consider the appeal of the Planning Director's approval of a Site Development Permit and an environmental appeal of the Planning Director's reliance on the 2334 Lundy Place Project Initial Study supporting a Mitigated Negative Declaration in accordance with the California Environmental Quality Act, to allow the construction of an approximately 132,419-square-foot Industrial Building with approximately 10,000 square feet of incidental office area, the construction of an eight-foot high masonry sound wall, the demolition of an approximately 130,300-square-foot building, and the removal of 152 trees (95 ordinance-size trees and 57 non-ordinance-size trees) on an approximately 6.5-gross-acre site, located on the northeast corner of Trade Zone Boulevard and Lundy Avenue (2334 Lundy Avenue).
- (b) Adopt a resolution denying the environmental appeal and upholding the Planning Director's reliance on the Initial Study/Mitigated Negative Declaration for the 2334 Lundy Place Project, and finding that:
 - (1) The City Council has independently reviewed and analyzed the Initial Study/Mitigated Negative Declaration for the 2334 Lundy Place Project and related administrative records related to Site Development Permit No. H24-057;
 - (2) The Initial Study/Mitigated Negative Declaration for the 2334 Lundy Place Project was prepared and completed in full compliance with the California Environmental Quality Act, as amended, together with State and local implementation guidelines;

- (3) Reliance on the Initial Study/Mitigated Negative Declaration for the 2334 Lundy Place Project reflects the independent judgment and analysis of the City of San José, as the lead agency for the Project; and
 - (4) Preparation of an Environmental Impact Report or Mitigated Negative Declaration/Negative Declaration is not required because the appeal does not raise any issues that would disqualify the project from the Initial Study/Mitigated Negative Declaration for the 2334 Lundy Place Project.
- (c) Adopt a resolution denying the permit appeal and approving, subject to conditions, a Site Development Permit to allow the construction of an approximately 132,419-square-foot concrete tilt-up Industrial Building with approximately 10,000 square feet of incidental office area, the construction of an eight-foot high masonry sound wall, and the removal of 152 trees (95 ordinance-size trees and 57 non-ordinance-size trees) on an approximately 6.5-gross-acre site, located on the northeast corner of Trade Zone Boulevard and Lundy Avenue (2334 Lundy Avenue).

SUMMARY AND OUTCOME

The hearing before the City Council is a *de novo* hearing pursuant to [Section 20.100.280](#) of the Zoning Code. This means that the City Council considers the request anew, along with the staff report, comments from the appellant and applicant, and other information as part of the administrative record, and must make the required findings to grant the permit or determine whether the required findings cannot be met and deny the permit and/or the Initial Study/Mitigated Negative Declaration (IS/MND) for the 2334 Lundy Place Project.

Denying the appeals and approving the Site Development Permit (Permit) and the Environmental IS/MND will allow the project applicant to demolish the existing approximately 130,300-square-foot building, remove 152 trees (95 ordinance-size trees and 57 non-ordinance-size trees), and construct an approximately 132,419-square-foot concrete tilt-up industrial building with approximately 10,000 square feet of incidental office area and an construct an eight-foot high sound wall at 2334 Lundy Avenue.

Upholding the Permit appeal and the environmental appeal and denying the Planning Director's (Director) reliance on the Environmental IS/MND would void both the Director's California Environmental Quality Act (CEQA) determination and the Permit. The project applicant would be required to prepare a new or revised environmental document prior to reconsideration of the proposed project. Alternatively, the applicant could choose not to proceed with the Project.

Additionally, as this is a *de novo* hearing, the City Council can also choose to deny the Permit outright, which would prevent the project applicant from proceeding with the project.

BACKGROUND

Reason for Hearing

The appellants have appealed both the project Permit and the Environmental Determination on the Planning Director's decision to consider the IS/MND and approve the Permit, File Nos. H24-057 and ER24-254.

Site Location

The approximately 6.5 gross-acre project site is located on the northeast corner of Trade Zone Boulevard and Lundy Avenue (2334 Lundy Avenue). The subject site is currently occupied by an approximately 130,300-square-foot vacant industrial building. The surrounding land uses include a labor union office to the north, waste management service and technology buildings across the railroad tracks to the east, a church and manufacturing buildings across Trade Zone Boulevard to the south, and residential townhomes, located in the City of Milpitas, across Lundy Avenue to the west of the project site.

Proposed Project

The subject Permit application was filed on September 27, 2024, by the property owner and applicant, 2334 Lundy Place LLC. The Permit proposed by the applicant and recommended by staff would allow the construction of an approximately 132,419-square-foot concrete tilt-up industrial building with approximately 10,000 square feet of incidental office area, and associated site improvements on an approximately 6.5 gross-acre site. The project includes the demolition of an approximately 130,300-square-foot building and the removal of 152 trees (95 ordinance-size trees and 57 non-ordinance-size trees). The operation is proposed to be 24/7, with a two-way fully-access driveway and a fire access road at the northwest corner from Lundy Avenue and a two-way full-access driveway from Trade Zone Boulevard at the southeast corner of the site. Surface parking is provided at the northeast corner of the site. The project includes the construction of a new eight-foot-high masonry sound wall near the loading dock area.

The project, as proposed by the applicant and recommended for approval by staff, complies with all use regulations, development standards, transportation demand management requirements, bicycle and two-wheeled motorized vehicle parking, traffic, noise, and screening requirements as analyzed in the proposed Permit resolution.

Environmental Review

The City of San José, as the lead agency, prepared an [IS/MND for the 2334 Lundy Avenue Project](#). The document was circulated for public comment from September 11, 2025, to October 1, 2025. The draft IS/MND was uploaded to the project webpage on the City's website on September 10, 2025. Notice of the document's public circulation was published in the Mercury News and on the City's website on September 11, 2025. An email blast notifying interested parties of the draft IS/MND's public circulation was sent on September 11, 2025.

A total of three comment letters were received from public agencies. The comments received are summarized below:

- a. PG&E commented on the coordination with the applicant regarding the relocation of PG&E utilities and did not raise any environmental concerns.
- b. Santa Clara Valley Transportation Authority requested additional traffic queuing analysis, but did not raise any new significant impacts.
- c. Santa Clara Valley Water recommended some minor text changes for accuracy, but did not raise any new significant impacts.

The comments received did not result in any substantial changes to the project description, analyses, and/or impacts that were previously disclosed in the IS/MND. These environmental comments were addressed by staff and the CEQA consultant in a formal Response to Comments document available on the project website and emailed to the commenting parties.

The IS/MND identified potential impacts on Biological Resources, Cultural Resources, Hazards and Hazardous Materials, and Noise and Vibration. The IS/MND concluded, based on substantial evidence in the record, that the project would not result in any significant and unavoidable environmental impacts with the implementation of identified mitigation measures and standard permit conditions. The project includes the adoption of a Mitigation Monitoring and Reporting Program and incorporates standard conditions and best management practices for construction activities to lessen the identified impacts to a less than significant level or otherwise ensure the identified impacts are less than significant. Based on the IS/MND (including the attached technical reports), the City, as lead agency, has concluded that the proposed project would not result in any significant and unavoidable impacts, and an MND is the appropriate level of CEQA clearance for the project.

The project was approved by the Hearing Officer at the December 3, 2025, Planning Director's Hearing. A summary of the hearing is provided below.

Planning Director's Hearing

On December 3, 2025, a Planning [Director's Hearing](#) was held to consider the Site Development Permit and associated environmental IS/MND. The project was placed on the Public Hearing portion of the hearing agenda. The Hearing Officer opened the public hearing and staff in the Planning Division provided an oral presentation on the project, highlighting the project's consistency with the General Plan, Zoning Ordinance, Citywide Design Standards and Guidelines, and City Council Policy 6-30 for public outreach, and summarized the Environmental Planning process in accordance with CEQA.

Approximately 27 members of the public spoke during the public hearing portion of the Director's Hearing. Of the public speakers, 19 opposed the project, and eight supported it. Those speaking against the project raised concerns, including deliberate attempts to evade the state's warehouse protection laws, incompatibility with the surrounding uses, negative impact on nearby property values, noise, light, pedestrian safety, traffic congestion, pollution, air quality, and sleep disturbance due to potential 24/7 operations, insufficient environmental analysis and mitigation.

Those in favor of the project noted that the subject site has always been industrial and that the area surrounding the subject site (within the boundaries of the City of Milpitas) was rezoned in the 2006-2007 timeframe from an industrial to a residential zoning district. Speakers in favor of the project also praised the developer for work on previous projects in the area, highlighted the positive aspects of redeveloping the subject property, and emphasized increased local jobs and revenue for the City.

After hearing public comment, the Hearing Officer noted the project's consistency with all applicable plans, ordinances, and policies. The Hearing Officer also determined that the IS/MND and associated mitigation measures were adequate and appropriate for the project and adequately addressed the community concerns, especially related to noise, air pollution, public safety, and traffic. The 24/7 operations would not lead to an impact as these operations are at the opposite end, and the project is designed with the construction of an eight-foot-high masonry sound wall near the loading dock area, to attenuate the sound decibels. Additionally, all delivery activity for the project will occur on-site in the designated loading areas in the yard, while loading dock operations are expected to occur during the off-peak hours to minimize heavy truck traffic along the project frontages.

Per the results of the traffic analysis, all study intersections would continue to operate at acceptable levels of service under background conditions during both the morning and evening peak hours, with the addition of the project-generated trips. The addition of project traffic will not have an adverse effect on intersection operations. The Hearing Officer then approved the Permit.

Permit Appeals

Two timely appeals (Exhibit A – Permit Appeal Applications) of the Permit were filed. Both appellants are Milpitas residents residing near the project and are eligible appellants under [Section 20.100.230.A](#). Both appeals met the appeal period set forth in [Section 20.100.240](#), as they were received within 10 days of the hearing date.

The appellants appealed on the following issues:

- a. Inadequate notice to affected Milpitas residences
- b. Failure to consider residents' objections
- c. Missing and incomplete administrative records
- d. General Plan Policy conflict
- e. Significant noise impacts
- f. Significant air quality and health impacts on children
- g. Significant pollution and sleep disruption
- h. Significant transportation and safety impacts

Environmental Appeals

Separately, two timely appeals (Exhibit B – Environmental Appeal Applications) of the Environmental Determination were also filed. One appeal was received on December 8, 2025, from a Milpitas resident residing near the project, and a second appeal was received on December 8, 2025, from the Parkside at Tarob Court Owners Association. Both appeals met the appeal period set forth in [Section 21.04.140.E.1.a](#), which states that an appeal must be received no later than the third business day following an action taken on the environmental determination as part of a public hearing. Monday, December 8, is the third business day after the public hearing held on Wednesday, December 3.

The appellants specifically appealed on the following issues:

- a. Inadequate notice to affected Milpitas residences
- b. Failure to consider residents' objections
- c. Missing and incomplete administrative records
- d. General Plan Policy conflict
- e. Significant noise impacts
- f. Significant air quality and health impacts on children
- g. Significant pollution and sleep disruption
- h. Significant transportation and safety impacts

ANALYSIS

Permit Appeal

Below are the staff's responses to the appellants' permit appeal comments.

Comment #1: Inadequate notice to affected Milpitas residences, Northwood and Brooktree Elementary schools, and the KB Home community.

The appellant raised the issue that the notice was inadequate as the sensitive receptors, such as the residents, the newly developed community by KB Homes across Lundy Avenue, and the elementary schools, were not notified of the project, the MND, or the public hearing, and that violates the fundamental requirement of meaningful public participation.

Staff Response: Pursuant to [Section 20.100.190](#) of the City of San José Municipal Code, a postcard notice was mailed out within a 1,000-foot radius of the subject property and to an additional 30 to 50 interested parties, who either requested mailings or were in attendance at the community meeting, approximately 26 days before the public hearing held on December 3, 2025. The agenda and draft permit were posted on the City's website approximately seven days before the hearing. The project site also includes two signs posted since January 29, 2025, along Trade Zone Boulevard and Lundy Avenue street frontages notifying nearby residents of the project proposal, the Planner's contact information, and how to join the email lists.

The Milpitas residents who did not receive a postcard notice were not on the equalized assessment roll adopted by the County of Santa Clara and hence were not in the City's database system at the time the notices were mailed. This is because the information of new residents is transferred from the County of Santa Clara's database. The City pulls that data from the County during its Geographic Information System updates, which may happen at annual cycles, given the size of the datasets provided by the County. Therefore, this error was not an intentional omission of residents from notice and does not violate the City's normal notice procedures. A proof of the declaration that the notices were mailed is available upon request.

The noted elementary schools are about a mile away (to the northeast and southeast) from the subject site and not within the 1,000-foot mailing radius, and were, therefore, not notified.

Comment #2: Failure to consider residents' objections.

The appellant raised the issue that, at the hearing, numerous project supporters were not residents of the surrounding community, while the objections of directly affected

residents were dismissed without substantive discussion. The permit's approval suggests the hearing served as a procedural formality rather than a substantive review.

Staff Response: The major supporters of the project identified themselves as Milpitas residents and tenants of surrounding businesses. The project applicant conducted additional outreach to the Milpitas community outside of the community meeting and the public hearing. Of the eight commenters who spoke for the project, one was a former councilmember who stated that the lands in Milpitas, across from Lundy Avenue, were originally industrial lands similar to the existing lands in San José, and were intentionally rezoned in 2006 to a residential zoning district as the City of Milpitas and development proponent at the time felt that the industrial uses in San José and the future residential uses in Milpitas could co-exist. Additionally, a former City of Milpitas Planning Commissioner commented that Overton Moore is a responsible builder and has done several successful projects in the City of Milpitas, and that was the reason he supported the project. The issues raised by the public speakers at the hearing were adequately addressed in the Site Development Permit and Initial Study/Mitigated Negative Declaration documents.

Pursuant to [Section 20.100.210](#) of the San José Municipal Code, the Hearing Officer, designated by the Director of Planning, Building, and Code Enforcement made a procedural decision on the permit approval based on evidence in the record (Exhibit C – Permit Approved at Director's Hearing).

Comment #3: Missing and incomplete administrative record.

Critical environmental documents, including Appendix A, were inaccessible during the public review period. Without these materials, the public could not meaningfully evaluate the project. The lack of hearing material or recordings on the City's project website further demonstrates that the administrative record is incomplete.

Staff Response: The public hearing postcard notice clearly states to contact the Project Planner to access digital information, such as project plans (Exhibit D – Permit Plan Set). No such requests were received by the Planning Division. The Draft IS/MND was posted on the City's website on September 10, 2025, and the notice of intent circulated in the local newspaper (San José Post-Record) on September 11, 2025. In addition, the City sent out an email to interested parties and a news post on the City website. The on-site proposed development signs also include this information. The IS/MND was also made available in hard copy form at three separate locations: the City of San José Department of Planning, Building, and Code Enforcement, located at City Hall; the Dr. Martin Luther King Jr. Main Library; and the Berryessa Branch Library.

A community meeting was held on April 21, 2025, via webinar to discuss the project. Approximately 30 members of the public attended the meeting and expressed concerns similar to the ones brought up at the public hearing. City staff analyzed the project with

due consideration for the concerns raised during the community meeting. The Site Development Permit, Initial Study/Mitigated Declaration, and associated technical documents for the project adequately addressed the community concerns, especially related to noise, air pollution, public safety, and traffic. Staff have been available to respond to questions from the public after the notice of public hearing was mailed, in conformance with the City Council Policy 6-30: Public Outreach Policy for Pending Land Use and Development Proposals. Staff received 20 emails in support of the project and only one written comment letter opposing the project.

Comment #4: General Plan Policy conflict.

The Transit Employment Center (TEC) designation prioritizes high-density employment and Research and Development uses. A low-employment, truck-intensive 24/7 warehouse is fundamentally incompatible with this designation.

Staff Response: The General Plan designation of the site is TEC, which supports standalone industrial uses, including manufacturing and warehouse uses, as proposed by the applicant. Additionally, the TEC designation also encourages preservation of industrial uses that provide jobs and generate revenue, as outlined in the policy analysis section of the Site Development Permit (Exhibit C). The project is consistent with General Plan policies related to industrial preservation, fiscal sustainability, and broad economic prosperity. The construction of the new building would implement the development of the industrial site and would expand industrial uses within San José. The building is designed and programmed to attract users such as research and development, manufacturing, assembly, warehousing, and distribution, thereby creating jobs for residents. As designed, the project is expected to employ up to 113 employees.

Comment #5: Significant noise impacts.

San José's Municipal Code limits noise to 55 dBA at residential property lines. A 24/7 logistics facility with 16 loading docks, truck arrivals, and back-up alarms, coupling noise and idling, cannot realistically comply. The single proposed mitigation- an eight-foot-high sound wall-is inadequate for elevated sources and multi-story homes in the KB Homes community directly across the street. Nighttime noise is linked to cardiovascular disease, sleep disturbance, anxiety, and impaired learning.

Staff Response: To determine the operational noise impacts of the proposed use, a Noise Study was prepared by First Carbon Solutions, Inc., dated August 2025.

The noise study measured general operational noise from the site to each property line. Operational noise studied included 24/7 operations of the mechanical equipment, delivery trucks on site, loading/ unloading activity, parking operations, and landscape maintenance activities. The noise study analyzed the noise generated by truck loading and unloading activities at the loading docks along the northern side of the proposed

building, across the street from the townhomes and other sensitive receptors. Typical noise levels from truck loading and unloading activity range from 70 dBA to 80 dBA L_{max} as measured at 50 feet. This maximum noise level range includes noise from associated truck loading/unloading activity, including trucks maneuvering, truck trailer loading, truck trailer unloading, backup alarms or beepers, and truck docking noise.

The proposed loading docks would be located approximately 270 feet from the nearest residential sensitive receptor, a multi-family residence located across Lundy Avenue from the project site. The nearest commercial sensitive receptor is a medical supply store located approximately 280 feet away, also across Lundy Avenue from the project site. The loading docks would be located on the northern side of the proposed building and on the opposite side of the proposed building from the sensitive receptors. Additionally, an eight-foot-high and 55-foot-long masonry sound wall will be built along the loading docks to further attenuate the sound.

Therefore, due to distance attenuation and shielding provided by the intervening structure and the construction of the masonry sound wall, reasonable worst-case noise levels from truck loading and unloading activities would attenuate to 41 dBA L_{eq} as measured at the property line of the nearest residential land use and 36 L_{eq} dBA as measured at the property line of the nearest commercial land use.

These noise levels would not exceed the San José Municipal Code operational noise performance thresholds of 60 dBA L_{max} as measured at the nearest receiving commercial property, nor would they exceed the threshold of 55 dBA L_{max} at any receiving residential property line.

Therefore, the project conforms with all noise requirements of the Zoning Code, as further detailed in the Noise Study and IS/MND, and further noise analysis is not required.

The noise study is linked here: <https://www.sanjoseca.gov/your-government/departments-offices/planning-building-code-enforcement/planning-division/environmental-planning/environmental-review/negative-declaration-initial-studies/2334-lundy-place-project>.

Environmental Appeal

Below are the staff's responses to the appellants' environmental appeal comments.

Comment #6: Procedural defects to the CEQA process.

Regardless of what internal "formal" steps the City may have undertaken for notice, the administrative record and the real-world outcome together show that the most affected residents and schools did not, in fact, enter the CEQA review and comment process.

This constitutes a procedural defect. Under CEQA, merely mailing a document or posting a sign does not satisfy the requirement for effective public awareness.

Staff Response: Under CEQA Public Resources Code Section 21091(b), the City, as lead agency, is required to circulate the Draft IS/MND for public review and comment for no less than 20 days, providing notice to the public, responsible and trustee agencies, and any parties requesting notice. For projects of local interest, such as the proposed project, notice of intent to adopt the IS/MND must be given by posting on the City's website and by at least one of three means: publication of the notice of intent in a newspaper of general circulation; posting on and off site in the project area; or direct mailing to owners and occupants of contiguous property. (Pub. Res. Code §21092(b)(3); CEQA Guidelines §15072(b).) Notably, the City has discretion in deciding which method of notification to utilize.

Here, the City elected, in its discretion, to post: (1) the notice of intent to adopt an MND; and (2) the Draft IS/MND, on its website on September 10, 2025, and circulated the notice of intent in the local newspaper (San José Post-Record) on September 11, 2025. In addition, the City sent out an email to interested parties and a news post on the City website. The IS/MND was also made available in hard copy form at three separate locations: the City of San José Department of Planning, Building, and Code Enforcement, located at City Hall; the Dr. Martin Luther King Jr. Main Library; and the Berryessa Branch Library. The IS/MND was also posted on the State Clearinghouse (SCH# 2025090452). All notices were posted on September 11, 2025, and all notices contained the statutorily¹ required contents. While the IS/MND also identifies the project's proximity to residential uses and schools, there is no legal requirement to directly notify schools, unless they are within the stipulated notification radius.

The IS/MND specifies that written comments received during the 20-day public review period would be considered by the City prior to project approval, and all written comments would be included as part of the Final MND. The appellants did not submit comments on the IS/MND during the 20-day public review period.

Importantly, while CEQA requires the City to "consider" agency and public comments on an MND, there is no requirement to prepare responses to such comments. (Pub. Res. Code §21091(d), (f); CEQA Guidelines §15074(b).) Nevertheless, in an effort to facilitate meaningful, informed decision-making, the City provided detailed written comments on all environmental concerns submitted during the 20-day public review period.

¹ Section 21083, Public Resources Code; References: Sections 21000(e), 21003(b), 21080(c), 21081.6, 21091, and 21092.5, Public Resources Code; *Plaggmier v. City of San José* (1980) 101 Cal.App.3d 842.

Comment #7: Significant air quality and health impacts on children.

The continuous diesel truck operations will emit Diesel Particulate Matter (a carcinogen), NO_x, and PM_{2.5} pollution. Two elementary schools lie within one mile, and the KB Homes Community is directly opposite. Children are highly vulnerable to diesel pollution. The MND's "less-than-significant" conclusion contradicts extensive scientific evidence. Without the missing Appendix A, these claims cannot be evaluated.

Staff Response: The IS/MND includes a comprehensive, legally adequate analysis of air quality and health risk impacts consistent with CEQA requirements and Bay Area Air District guidance and recommendations, and evaluates potential impacts to sensitive receptors, which include children. (See, e.g., IS/MND pp. 66, 73, 183, Appendix A.) The Health Risk Assessment conducted for the proposed project demonstrates that emissions of toxic air contaminants (TACs) and particulate matter (PM_{2.5}) during both construction and operation would not exceed Bay Area Air District (BAAD) thresholds at the nearest sensitive receptors, including residences and workers. Cancer risk, expressed as excess cancer cases per one million exposed individuals, was calculated at each nearby receptor. The risk assessment methodology used followed California Office of Environmental Health Hazard Assessment Guidance, as recommended by the Bay Area Air District, conservatively accounting for the developmental sensitivity of infants and children and workers as appropriate. Details of the exposure assessment and all model outputs are provided in Appendix A to the IS/MND.

In addition, a cumulative analysis was conducted to assess the potential cumulative impacts from existing sources of TACs (DPM) and PM_{2.5} concentrations (including I-880) within 1,000 feet of the project site in combination with the proposed project's construction and operational-related emissions and impacts. As shown in IS/MND, Appendix A, the HRA for operation assumed nighttime idling of emissions and 24 hours of exposure. The DPM emissions rate (in pounds per hour) is calculated over 365 days per year, and 24 hours per day. In addition, the residential exposure calculation assumes an exposure duration of 24 hours per day over 30 years. The conservative analysis concluded that cumulative impacts during construction and operation would be below the identified thresholds of significance.

Compliance with a robust regulatory framework designed to reduce emissions, as well as the implementation of feasible mitigation measures and standard permit conditions, is also identified in the IS/MND's analysis to further reduce any potential exposure impacts to less than significant.

Comment #8: Significant pollution and sleep disruption.

A fully illuminated 24/7 truck court, parking lot, and building will produce light trespass and sky glow affecting all residences facing the site, including the KB Homes

Community. Light pollution is linked to circadian disruption, sleep disorders, and mental health impacts. The MND minimizes these effects.

Staff Response: An analysis of new substantial light sources associated with the proposed project construction and operations was included on pp. 42 in Section 4.1, Aesthetics, of the Draft IS/MND. As discussed more fully therein, given the already urbanized and infill nature of the project site and vicinity, existing light sources are present both on and off the project site. Any light generated during construction activities would be temporary in nature and cease upon development of the proposed project. During operation, the proposed project would be required to conform to the City's "Outdoor Lighting on Private Developments" policy, which specifies how lights are directed and shielded, and also restricts the brightness of exterior lighting. In addition, the proposed project would be required to comply with the City's Zoning Code Section 20.40.530, which states that light fixture heights should not exceed eight feet when adjacent to residential uses unless the setback of the fixture from the property line is twice the height of the fixture. Furthermore, the proposed loading dock area would be sited and designed to minimize light spillover onto residential properties to the northwest, including landscaping to shield residential areas from sources of light. The Draft IS/MND determined that compliance with the applicable design standards and City regulations would ensure the proposed project would have a less than significant impact related to the new light sources from the proposed project.

Comment #9: Significant transportation and safety impacts.

Since the Transportation Analysis was unavailable, the public could not evaluate impacts. The project can operate either as a traditional warehouse or as a last-mile delivery hub, with vans and trucks circulating through nearby residential streets. This creates significant conflicts with school children, pedestrians, and cyclists on Lundy Avenue's protected bike lanes. None of these risks is assessed.

Staff Response: The Transportation Analysis is linked to the [IS/MND \(Appendix G\)](#) document and was publicly available on the City of San José's Planning-Environmental Review webpage. IS/MND includes a comprehensive Transportation Analysis (Appendix G) prepared in accordance with City Council Policy 5-1, the City's Transportation Analysis Handbook (2023), the Santa Clara Valley Transportation Authority Congestion Management Program's guidelines, and Appendix G of the CEQA Guidelines. The Transportation Analysis analyzed both vehicular site access and on-site circulation and based on several factors, including, without limitation, site plans, field observations, site-distance, and average speed; based on the foregoing analysis and other information in the administrative record, the IS/MND determined that the proposed project would not substantially increase hazards due to a project design feature. (IS/MND, pp. 227-228.) Additionally, both A.M. and P.M. peak period queuing analyses were conducted for relevant intersections, including the Montague Expressway / Trade Zone Boulevard intersection, which was identified as the intersection with the highest

recorded A.M. and P.M. peak-hour traffic. The analysis determined that the proposed project would not result in significant operational or safety impacts and that queuing during the P.M. peak hour would be accommodated within existing storage space.

An operational level of services analysis was prepared as part of the Transportation Analysis and found that the proposed project's truck trips would constitute approximately five percent of the total estimated daily trips for the project, which would be less than the typical 8 to 10 percent composition of heavy trucks in the traffic stream on roadways. In addition, the proposed project would provide adequate queuing space for vehicles making a left-turn from Trade Zone Boulevard into the project driveway. All of the foregoing information is detailed in the CEQA documentation for the proposed project. Based on the evidence in the record, the IS/MND concluded that the proposed project would result in less than significant traffic safety impacts under CEQA.

Comment #10: Noise impacts are asserted as mitigated but are not supported by any technical basis.

The project will exceed the Municipal Code's 55 dBA residential limit. The proposed eight-foot sound wall is inadequate for multi-story homes, 24/7 operations create sustained noise from loading docks, trucks, and equipment, and health impacts include sleep disruption and cardiovascular effects.

The noise analysis section relies almost entirely on the construction of an eight-foot sound wall to conclude that noise impacts will be reduced to less than significant, yet the record contains no modeling, calculations, or exposure maps supporting that conclusion. This is a textbook example of unsubstantiated mitigation under CEQA.

Staff Response: The IS/MND includes a detailed analysis of both construction and operational noise impacts pursuant to applicable CEQA requirements, included as Appendix F in the IS/MND. The City has no numeric thresholds for construction noise. However, in compliance with General Plan Policy EC-1.7, the analysis concludes that since proposed project construction is anticipated to last for more than 12 months at a location within 500 feet of residential uses, mitigation is required, which specifies permissible hours of construction, noise and vibration minimization measures, posting or notification of construction schedules, and designation of a noise disturbance coordinator who would respond to neighborhood complaints. The necessity of a mitigation measure is not due to the noise level, but rather the length of the construction noise that would occur. Temporary construction noise in a highly urbanized environment is not an unusual circumstance; therefore, it is considered to be less than significant with the proposed mitigation measures, which encapsulate best practices to alleviate noise during construction.

The analysis quantifies reasonable worst-case operational noise levels at the nearest residential and commercial property lines for primary stationary noise sources. Detailed

modeling assumptions and calculations are provided in Appendix F of the IS/MND. As noted in IS/MND, the combined operational noise level at the nearest residential property line would be 50 dBA DNL, which does not exceed the City's 24-hour noise standard of 55 dBA DNL. The modeling assumes 24-hour operation of all stationary noise sources, thereby accounting for nighttime truck loading and unloading activities.

Additionally, the IS/MND notes that the sound wall proposed as part of the project would further reduce operational noise to 41 dBA Leq at the nearest residential property line and 29 dBA Leq at the nearest commercial property line. Overall, the analysis demonstrates that both project and cumulative operational noise levels comply with applicable City standards, and operational noise impacts would be less than significant.

Comment #11: Land use conflicts.

By omitting any serious land-use compatibility and General Plan consistency analysis, the CEQA review fails at a basic threshold level. CEQA §15125(d) does not allow the City to treat a 24/7 truck-intensive logistics hub next to homes and schools as if it were just another generic "employment" use within the TEC.

Staff Response: As evaluated in the IS/MND, the proposed project is consistent with the City's General Plan, zoning, and surrounding land uses in accordance with CEQA Guidelines Section 15125(d). The proposed project is in a TEC land use designation and Light Industrial (LI) zoning district. The General Plan states that the TEC designation is applied to areas planned for intensive job growth because of their importance as employment districts to the City and a high degree of access to transit and other facilities and services. All of these areas fall within identified Growth Areas and have access to transit and other important infrastructure to support their intensification. Uses allowed in the Industrial Park designation are appropriate in the TEC designation, and the proposed uses are consistent with the industrial land use designation. The proposed project also meets the LI zoning district requirements.

The proposed project would not conflict with any land use plans and policies adopted to avoid or mitigate environmental effects, including, without limitation, the 2017 Clean Air Plan (see IS/MND Section 4.3, Air Quality), the SCVHP (see IS/MND Section 4.4, Biological Resources), and the City's 2030 GHGRS (see IS/MND Section 4.8, Greenhouse Gas Emissions). Based on a thorough evaluation of the proposed project, the IS/MND found no significant land-use compatibility impacts and determined that the proposed project would not physically divide an established community or conflict with any applicable land use plan, policy, or regulation.

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EVALUATION AND FOLLOW-UP

The City Council is the final decision-making body for this Site Development Permit and the Environmental Determination for this project.

If the City Council denies the environmental appeal and upholds the Planning Director's reliance on the Environmental IS/MND for the Site Development Permit, then the applicant may proceed with the acquisition of the necessary permits to implement the required conditions of approval to complete the 2334 Lundy Place project, so long as City Council does not deny the Site Development Permit outright.

If the City Council approves the environmental appeal and reverses the Planning Director's reliance on the Environmental IS/MND for the Site Development Permit, the Planning Director's CEQA determination would be rendered void, and the applicant would be required to prepare a new environmental document, such as an Environmental Impact Report, prior to reconsideration of the project.

If the City Council denies the Site Development Permit outright, the applicant would not be able to proceed with the acquisition of permits to complete the 2334 Lundy Place Project.

COORDINATION

The preparation of this memorandum has been coordinated with the City Attorney's Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the February 24, 2026 City Council meeting.

Additionally, staff followed [City Council Policy 6-30: Public Outreach Policy](#) to inform the public of the proposed project. On-site signs have been posted on the project frontages since January 29, 2025. A community meeting for the project was held via video conference on April 21, 2025. A notice of the public hearing was distributed to the owners and tenants of all properties located within 1,000 feet of the project site and posted on the City website. The staff report is also posted on the City's website, and staff has been available to respond to questions from the public.

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COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

The 2334 Lundy Place Project Initial Study/Mitigated Negative Declaration.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

CHRISTOPHER BURTON, Director
Planning, Building, and Code Enforcement

For questions on the permit appeal, please contact John Tu, Division Manager, Planning, Building, and Code Enforcement, at john.tu@sanjoseca.gov or (408) 535-6818. For questions on the environmental appeal, please contact David Keyon, Principal Planner, Planning, Building, and Code Enforcement at david.keyon@sanjoseca.gov or (408) 535-7898.

ATTACHMENTS:

Exhibit A: Permit Appeal Applications

Exhibit B: Environmental Appeal Applications

Exhibit C: Permit Approved at Director's Hearing

Exhibit D: Permit Plan Set