

# Understanding the gentrification of a suburb: A case study of Sholinganallur along the IT Corridor of Chennai, India

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**Abstract:** Gentrification has been described as a simultaneous physical, social, and cultural phenomenon which involves invasion by middle-class or higher-income groups of previously working-class neighborhoods. Although this phenomenon originated in the urban context, it has now spread to the suburb, contradicting Neil Smith's neighborhood lifecycle approach. This paper shows the suburban gentrification of Sholinganallur, a neighborhood along the IT corridor of the city of Chennai than has become the abode of the IT people. It attempts to understand the supply side drivers that commonly include the real estate developers and government interested in increasing economy of the country. The demand side drivers comprise of the people working in the IT sector, looking for a cosmopolitan lifestyle. The paper further explores the physical and social impacts of gentrification on the population as well as solutions for improving the situation of the neighborhood.

**Keywords:** Displacement, gentrification, IT corridor, megaproject, rent-gap, suburb.

## 1. Introduction:

### 1.1 *Chennai and its 'Information Technology' corridor*

Post liberalization in 1991 and based on the Tamil Nadu government's policies of Special Economic Zones, many Information Technology (IT) companies set up their base in South Chennai. The Old Mahabalipuram Road (OMR) or the "IT Corridor" on the southern part of Chennai is branded by Tamil Nadu Government as a top-notch tech destination with about three-fourths of Tamil Nadu's software exports getting shipped out of the corridor which stretches for about 45kms. More than 120,000 employees (who include natives and migrants to Chennai) work at the IT companies present in this belt.

### 1.2 *The "road" to gentrification*

The processes of de-concentration and relocation of functions, both economic and residential, from the central city to the urban fringes are contributing to the current urban reconfiguration of Chennai and to a specialization of its territories. In the current globalization process affecting the metropolises of the Global South, the periphery of the activities of the new economy, favored by local and national authorities, have a direct impact on the metropolitan dynamics.

The type of suburban gentrification approach in this case is the "Megaproject Approach" (Hudalah D.). In this case, unlike Neil Smith's theory, gentrification can begin without any period of decline. Mega IT projects have been commissioned by the state along this corridor. These are

complex large-scale projects and, thus, often require a high-level coordination of the state power and strategic partnership with the private sector. Megaprojects are carried out to serve the political interests of the nation-state and the local government, such as acceleration of economic growth and improvement of inter-regional connectivity, sometimes causing negative impacts such as displacement (Zhang, 2002). The complicated relationship between the economic growth interests and the displacement can be called a defining feature of gentrification in this part of the city.

One such neighborhood on this corridor is Sholinganallur, that has been influenced by ribbon development, where growth is concentrated only along the IT corridor. With an area of 10.5sqkm, 3.5km length along the corridor, it has a population of 35,602 as per the census of 2011. In the 1990s, this part of the city was characterized by low-income groups, farmlands, and small-scale industries hence a hub of blue collared jobs. In the present day, it is a strategic location at linking of major highways and received a boost in the tertiary sector since the formation of a Special Economic Zone in 2001 by the Electronics Corporation of Tamil Nadu Ltd (ELCOT SEZ) comprising of an area of 259 acres with 5 active companies and an area of 69 acres available for further companies. This was the beginning of gentrification in the neighborhood with the arrival of the IT middle class.

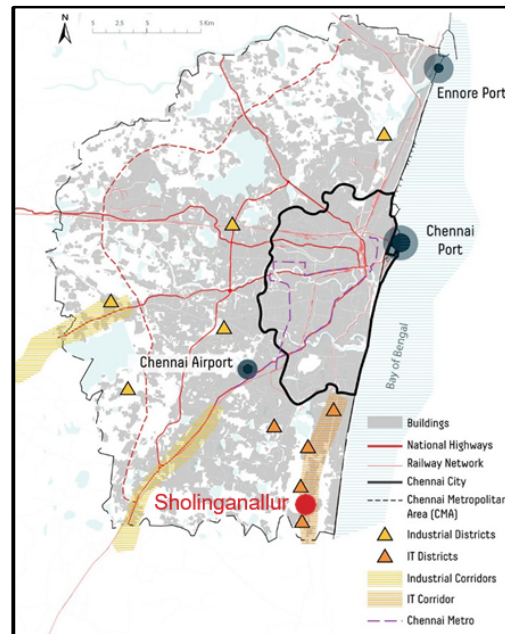


Figure 1 Location of the IT corridor and Sholinganallur

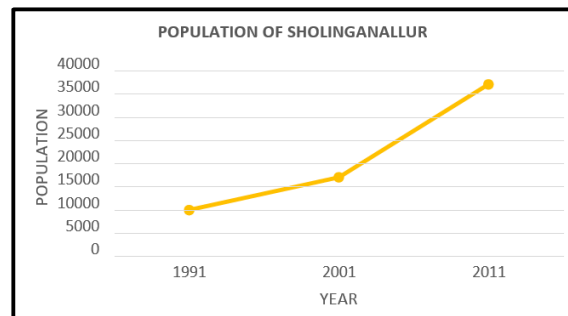


Figure 2 Population increase (Source: Census of India)

## 2. Supply side drivers of gentrification:

Sholinganallur, being a suburb, had lower land value. Initially in the year 2000 with the advent of the service sector leading to gentrification, the parcels possessed lower value than their surroundings with an average land price of \$20 per square meter, while the capitalized value was 25 times higher with an average of \$520 per square meter; this led to a higher rent gap, leading to a more significant return potential. One of the major forces that lead to gentrification in this neighborhood includes land privatization in the form of urban enclosure. These include the construction of private residential townships as well as commercial

development. As can be seen in the present day the land prices have increased by 25 times, with an average of \$880 per square meter. This phenomenon can be seen as an example of gentrification by globalization-the land prices increased due to insertion into the global financial market.

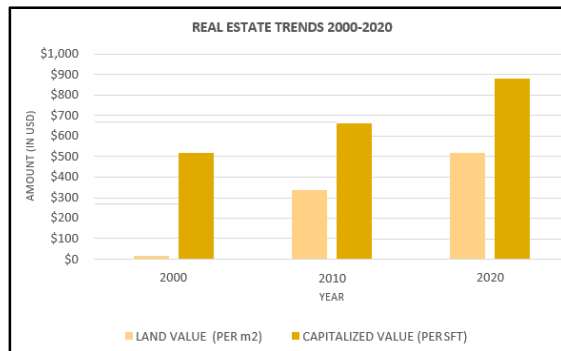


Figure 3 Real estate trends (Source: Housing.com)

The actors involved in promoting gentrification of Sholinganallur can be divided into two groups. The first set of key actors are those involved in the development process that includes building developers and bankers or other financial agents. The main aim of these developers was to create a global image of the neighborhood, attractive enough for the high-income class IT employees. They are responsible for large scale housing projects while creating an exclusive image and impression of not only the neighborhood but the entire IT corridor by creating high-class residential enclaves. They offer a wide range of social infrastructure ranging from retail centers like shopping malls, restaurants, educational institutions (both schools and universities) and hospitals. The second group of actors is the public sector (Metropolitan Development Authority) who facilitates the developers and bankers through several means. One of the main reasons for gentrification in the area is the coordinated effort between private developers' interest in making profit and

government desiring to improve the urban economy of the city. There are two ways in which the government facilitates this development. The first is the very construction of the SEZ itself, through the Special Economic Zone Act that provides tax concessions to the companies that set up their offices in the SEZ. This protects the neighborhood from declining economically, while at the same time competing at a global scale. The other form of action includes acquiring lands from farmers, cultivators, small-scale business owners and other natives for the purpose of large scale residential and commercial developments around the SEZ. When not convinced to sell their land to the real estate brokers, the state intervenes, a phenomenon that has increased in the last decade through the Land Acquisition Act that allows the state to acquire private land for the purpose of industrialization by providing monetary compensation to the affected people.

### 3. Demand side drivers of gentrification:

The emergence of the IT-ITeS sector and the SEZ located in the neighborhood of Sholinganallur lead to an increase in the residential real estate demand in the area, almost doubling the population from 15,557 in 2001 to 35,602 in 2011. With a shift from the manufacturing sector towards the service sector, especially the IT sector, there is also a significant rise in the number of service sector workers. This led to the emergence of a new middle class and white-collar jobs comprising of technicians as well as managerial positions with IT workers migrating from different parts of the country, thus forming a homogenous society. These generally include people between the age of 21-35, with a graduate degree in the information technology sector.

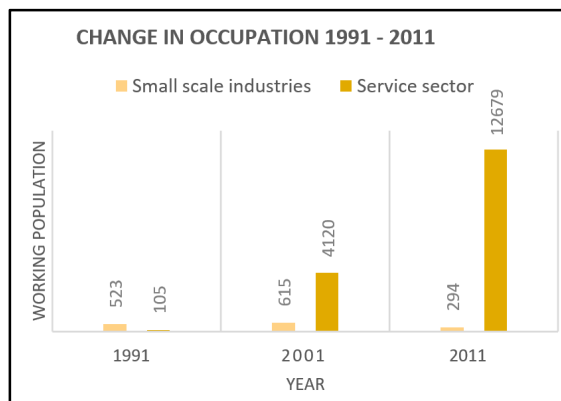


Figure 4 Occupation change (Source: Census of India)

This segment of people, influenced by the western world, brought along with them the diversity and a new lifestyle, different from what the traditional city had to offer. Due to their cosmopolitan nature, these people seek a lifestyle including entertainment, food and shopping experience, different from the traditional culture of the city, with most consumption happening outside the household in the public realm. These gentrifiers are a frequent at restaurants and bars. Their varied cultures led to the emergence of multi-cuisine restaurants, varied options for shopping as well as recreation facilities, that they describe as a leisure event. Earning an average of \$15,000 per year, these commodities are usually affordable by these people. In terms of housing, it has been observed that the average household size of the entire city of Chennai has reduced from 4.4 in 1991 to 3.8 in 2011 indicating a change in the lifestyle from the traditional Indian system of living in joint families, to nuclear families of these IT workers. In the end, the demands of these gentrifiers led to commercial gentrification which further increased the residential gentrification.

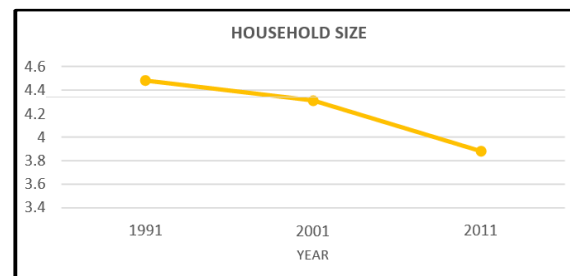


Figure 5 Household size of Chennai

#### 4. Physical impacts of gentrification:

Land-use maps show that the residential land use in Sholinganallur has been transformed largely into mixed use and industrial as a result of demand and supply side drivers. It should also be noted that while in the early 2000s (before the on-set of the IT industry) the land use along IT corridor part of Sholinganallur was predominantly residential buildings of all heights and forms, the non-commercial, traditional low-rise residential developments are now being continually pushed away from the corridor, denying its residents of inclusive development and the right to the city.

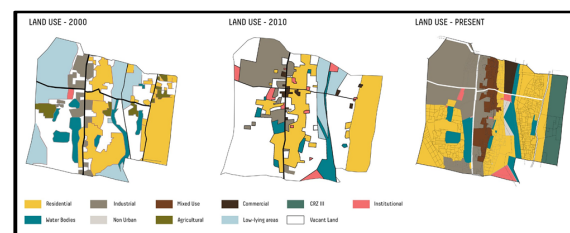


Figure 6 Land use change over the years

The most notable element of gentrification in Sholinganallur includes physical transformation of the neighborhood in the form of alteration of height and density of the buildings close to the IT corridor. The redevelopment has boosted the area to have higher density than before, leading to construction of tall skyscrapers, as opposed to the traditional low-rise dwellings found in the other parts of the city. This typology of residential buildings



is often associated with social status as these townships comprise not only of the houses but also recreational amenities like swimming pool, sports area, gymnasium etc., increasing the rent gap and hence demarcating the middle class from the lower ones. Another visible change is in the character of streets and public spaces in the neighborhood. A general street in the city core is often very narrow with street vendors and pedestrians acting as eyes on the street.

On the other hand, the IT corridor, and areas around Sholinganallur are being designed for vehicles with multi-lane wide roads, leaving very less scope for daily activities along the streets. An interesting aspect here is the change in the perception of public spaces. A traditional public space in Chennai would be active neighborhood streets, a marketplace or small outdoor eateries. In contrast, Sholinganallur boasts of large shopping malls, and theatres that have become the new face of public spaces although they appear alienated and serve only a particular section of the society. The IT employees demand comfort, not only in their choice of dwellings, but also in the infrastructure provided in the neighborhood which has led to increased commercialization of the neighborhood of Sholinganallur and the above-mentioned changes in public spaces. Another example of exclusive infrastructure boost for this user group by the Municipal Corporation is the introduction of air-conditioned buses along OMR and therefore in Sholinganallur, as opposed to the cheaper non-air-conditioned buses plying in other parts of the city. Increased industrial and commercial land-use has also resulted in exploitation of natural resources in the neighborhood leading to a reduced ground water table, denying residents of

Sholinganallur access to natural drinking water, thus decreasing its affordability.



Figure 7 Changes in the physical environment

## 5. Social impacts of gentrification:

### 5.1 Displacement

While the redevelopment of Sholinganallur on one hand has improved the quality of the neighborhood in terms of its urban infrastructure, the outcome of gentrification, i.e., displacement, has been unfavorable for its low-income residents. The megaproject planning and development in the area has caused two main types of displacements which can be understood as primary and secondary displacements. The primary or direct displacement in Sholinganallur has happened due to the eviction and resettlement of small-scale workers and agriculture landowners who were the original residents of the area, whose lands were acquired by the metropolitan authority under the Land Acquisition Act,

hence forcing them to settle elsewhere. The displacement is not only of the residents but also of their livelihood (in the form of household industries and farmlands). The secondary and more prominent form of displacement can be seen in the form of property loss as well as the inability to afford the contemporary residential townships and services constructed by the real estate developers.

### *5.2 Social inequality in housing*

With the rising costs, low-income tenants are being driven out, leading to an increase in segregation, which has become the spatial illustration of social inequality. The landlords are more selective and carefully choose their tenants guaranteeing they are able to pay the rent although the fee is increased. Thus, they prefer the IT workers who have higher incomes than the previous working class, which can be indicated from their skills and ages.

### *5.3 Urban commodities and infrastructure*

While some of the lower-class residents have already re-settled in other locations of the city, there are a few who continue to live along the fringes of the neighborhood. They have been subjected to displacement pressure caused by the transformation in the neighborhood that makes the area less liveable and affordable for them. Some of these transformations include the rise in the prices of essential commodities and restaurants, catering especially to the “IT community”. High end shopping centers have led to the lack of sufficient shops selling provisions and essential commodities at affordable prices. The implementation of AC buses and Bus Rapid Transport System (BRTS) aimed for the comfortable travel of the middle class, results in the decrease of affordable mode

of transportation and the low-income classes suffer.

Such high-end infrastructural proposals have not been welcomed by the original residents of Sholingnallur. There has been a protest by the residents against the implementation of BRTS because of its high-ticket prices and the fact that it occupies more lanes on the street, leading to reduction in space for cheaper options such as an autorickshaw (motorized 3-wheeler) and private vehicles like scooters. A public infrastructure project like the BRTS is also feared to increase the land values in the area further based on the theory of Transit Oriented Development. The state government has also been imposing significant charges (toll charges) for private vehicles accessing OMR denying its users right to public infrastructure and therefore to the city. The municipal corporation, however, has been ignoring the concerns of the residents and argues that the current development pattern would only further improve the quality of the neighborhood, its connectivity with the core city and result in greater good.

## **6. Conclusion**

This paper attempted to understand the phenomenon of suburban gentrification through the megaproject approach that is being witnessed in the neighborhood of Sholingnallur in Chennai. In the fast-growing metropolitan area, these suburbs generally have a lower land value exploited by the real estate developers as well as the state which are the main supply side drivers leading to the development of the Special Economic Zone first, and later profitable activities like residential and commercial developments. Higher land value, rent and services created by this

redevelopment attracts the IT middle class, who are the main gentrifiers, mostly in their productive age, having higher income than the previous residents. However, the growth of the tertiary sector in Sholinganallur is not only due to skilled jobs in the IT sector, but also due to workers from disadvantaged categories in rural areas who find temporary jobs in the SEZ (construction and informal jobs). While on one hand the redevelopment has led to a boost in the image of the suburban area, increasing both local and global capital flows, residents' interests are often neglected in the name of "public interest", with displacement being acceptable to the state.

In order to experience a healthy gentrification in Sholinganallur, there is a need for the state to intervene. This can be done by drafting of a policy that mandates allowance for low-income housing in new residential developments. The metropolitan authority can persuade the real estate developers to reserve a certain number of dwelling units for the low-income groups while providing several relaxations such as additional floor area ratio, property taxes etc. Such a system could prove to be a win-win situation for both the developers and the state and lead to a more comprehensive, holistic, and inclusive development model. Along with this, a rent control system could be established by the metropolitan authority that limits the amount of rent the landlords can collect from tenants. This would prevent the small-scale industrial workers from resettling outside the neighborhood. There is also a need for the State to introduce regulated essential services outlets in a manner that is sensitive to the needs of all user-groups and not just the middle class. This can be done by selling

essential commodities through a price-controlled mechanism in special regulated small-scale shops and traditional market spaces. The state must also keep a check on the on-site natural resource extraction by large-scale industrial and residential complexes. Finally, affordable public transportation must be maintained, and human-centered, pedestrian friendly street designs should be implemented that improve the sense of safety and belonging to the neighborhood, thus reducing physical, social, and environmental impacts.

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