This paper assesses the housing needs of Nairobi residents and the extent to which individual characteristics contribute to the choice of housing. The paper assesses housing needs in two dimensions. One by considering the quality of building materials and the other by the occupancy rate which measures congestion. The data set used was derived from Nairobi Urban Integration Survey carried out by French Institute of Research in Africa (IFRA) and University of Nairobi in the year 200 I. A discrete model of housing adequacy is estimated separately for household size and building materials to determine the likelihood of an individual with a set of characteristics living in an adequate housing unit The results shows that education level, income level, sex and the years one has stayed in Nairobi to have significant effects on the choice of housing Age generations, marital status and sector of employment display different effects on the choice of housing for the different measures of housing adequacy Based on this findings, several policy recommendations are drawn that aim at encouraging government participation in provision of housing especially for poverty eradication Housing should be perceived as a necessity and a social good. Thus any policy designed to improve housing conditions should be targeted towards those who appear to be prone to long term housing problems