Since the early times, man has made relentless efforts to obtain food and shelter. The struggle for these basic needs has increased progressively as the human race advances in numbers and cultural diversity. The universal declaration of human rights of 1948 recognizes the right to adequate housing as an important component of the right to adequate standard of living. This has been further reaffirmed by subsequent various international instruments including the international covenant on economic, social and cultural rights of 1966, the Istanbul declaration and Habitat Agenda of 1996, and the declaration on cities and other human settlements in the new millennium of 2001. In all these instruments, housing is understood in the broader context of the shelter fabric together with the living environment. This study, carried out in Nairobi was aimed at identifying the problems and challenges of housing management in relation to construction of informal extensions. This has been necessitated by improvement of housing for Kenyan population as a major concern by the government and all other stakeholders in building industry. This concern has been influenced by the fact that the improvement in housing stock is a strategically important social and economic investment. In addition, well-planned housing and infrastructure of acceptable standards and affordable cost when combined with essential services affords dignity, security and privacy to the individual, the family and the community as a whole. The study was conducted in Buru Buru neighbourhood which was constructed for middleincome group, but issue of informal extensions has changed the face of Buru Buru and management of housing has become a problem. According to the research findings, management of housing stock is of paramount importance for the houses to cater for increase number of population as other houses continue to be built. The purpose of the study was to identify the effects of unauthorised housing extensions in Buru Buru in management of housing stock together with environment. The specific objectives were to examine the policy and institutional framework governing management of residential houses, the nature of houses and infrastructure development, causes, trends and impacts of unauthorised house extensions on environment management of Buru buru neighbourhood. This was to help in suggesting recommendation on integrated action plan for enhancement of sustainable neighbourhoods. The methodology applied for the study was based on visual environmental inspection, discussions with various stakeholders and literature review to try and establish the in depth causes of urban degeneration/decay. The field survey employed various techniques in collection of data such as questionnaires, interviews, observation and focused group discussions. The sampling frame was all residents of Buru buru neighbourhood and the sample size was the reduced to 245 houses, identified through systematic random sampling. The study identified that the problem of housing management are due to laxity of urban authorities and other stakeholders in enforcing of building regulations and lack of public private partnership. The study observed that the neighbourhood is supposed to have ground cover of 50% and a plot ratio of 75 of each allocated plot. There was also space for parking lot of 2 cars within the plot. This has greatly been violated and the ground cover for most houses has gone even up to 80% living no space for children to play and parking of vehicles. The study also revealed that there is no single organization within the neighbourhood dealing with management of the houses. The infrastructure service provided initially has not been adjusted to absorb the increase population and this has resulted to overstretch of these amenities. The study concluded that there is need for proper management groups to be involved in the management of houses in the neighbourhoods. Local authority to involve all need to decentralize the local authority powers to the grass root level. The study further recommends various short and long term measures ranging from educative, legislative, financial and public awareness campaigns and involvement to be instituted to the housing stock management.