

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **March 8, 2006 (March 6, 2006)**

COMSTOCK HOMEBUILDING COMPANIES, INC.
(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other
Jurisdiction of Incorporation)

1-32375
(Commission File Number)

20-1164345
(IRS Employer
Identification No.)

**11465 SUNSET HILLS ROAD, FIFTH FLOOR
RESTON, VIRGINIA 20910**
(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(703) 883-1700**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Conditions.

On March 6, 2006, Comstock Homebuilding Companies, Inc. (the "Company") issued a press release announcing financial results for the three months and twelve months, respectively, ended December 31, 2005. A copy of the press release is furnished herewith as Exhibit 99.1 and this exhibit is incorporated by reference in its entirety into this Item 2.02.

The information contained in this Item 2.02 and in the accompanying exhibit shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

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Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

**Exhibit
Number**

Description

99.1

Press Release by Comstock Homebuilding Companies, Inc., dated March 6, 2006.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 8, 2006

COMSTOCK HOMEBUILDING COMPANIES, INC.

By: /s/ Jubal R. Thompson
Jubal R. Thompson
General Counsel and Secretary

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EXHIBIT INDEX

| Exhibit Number | |
|---------------------------|--|
| 99.1 | Press Release by Comstock Homebuilding Companies, Inc., dated March 6, 2006. |

Comstock Homebuilding Companies, Inc. Reports 93% Increase in Net Income for 2005 as Compared to 2004

Monday March 6, 4:27 pm ET

Company Reports Diluted EPS of \$2.12 for Twelve Months Ended December 31, 2005

RESTON, VA — Mar 6, 2006 — Comstock Homebuilding Companies, Inc. (NasdaqNM:CHCI) (“Comstock” or the “Company”) today announced net income for the three months ended December 31, 2005 of \$9.2 million on total revenue of \$77.2 million representing a 149.6% increase in net income for the fourth quarter 2005 over the fourth quarter 2004. The Company reported 2005 net income of \$27.6 million for the year on total revenue of \$224.3 million representing a 92.7% increase in year over year net income.

The Company will conduct a conference call for interested investors on Tuesday, March 7, 2006, at 8:45 AM Eastern Standard Time. During the call the Company will discuss its financial results and 2006 earnings guidance. The dial-in number for the conference call is 866-406-5408 and the access code is 7097712; the call may also be accessed in the Investor Relations section of the company’s web site at www.comstockhomebuilding.com.

Highlights of Financial Results — Three months ended December 31, 2005 (4th Quarter):

- The Company delivered 200 new homes in the quarter at an average per unit revenue of approximately \$379,000 per unit;
- The Company generated basic earnings per share for the quarter of \$0.66 on shares outstanding of 14.0 million and diluted earnings per share of \$0.65 on weighted average shares outstanding of 14.1 million. For comparison purposes, when the Company’s earnings per share for the three months ending December 31, 2004 are adjusted proforma for similar tax rates and share counts the results are \$0.16 (basic) and \$0.15 (diluted) representing approximately 323.0% growth on a proforma year over year basis;
- Total revenue for the quarter was \$77.2 million with \$75.8 million of revenue derived from homebuilding, as compared to total revenue of \$21.5 million for the three months ended December 31, 2004 with \$19.4 million of revenue derived from homebuilding. This represents a 260% increase in total revenue and a 292% increase in revenue from homebuilding;
- Gross profit from all revenue was \$20.7 million for the quarter representing a 26.9% gross margin. Gross profit from all revenue during the three months ended December 31, 2004 was \$7.6 million representing a 35.2% gross margin. The reduction in gross margin was a result of product mix which included more lower margin condominium conversion settlements;
- Operating income was \$13.8 million for the quarter representing a 17.8% operating margin as compared to operating income of \$4.9 million and an operating margin of 23.0% for the three months ended December 31, 2004. Selling, general and administrative expenses for the quarter were \$7.0 million representing 9.0% of total revenue as compared to \$2.6 million

representing 12.2% of total revenue for the three months ended December 31, 2004. This represents a 26.1% increase in overhead efficiency or 3.2 percentage points;

Highlights of Financial Results — Twelve months ended December 31, 2005:

- The Company delivered 603 homes during the twelve months at an average per unit revenue of approximately \$359,000 per unit;
- The Company generated basic earnings per share for the twelve months of \$2.14 on weighted average shares outstanding of 12.9 million and diluted earnings per share of \$2.12 on weighted average shares outstanding of 13.0 million. For comparison purposes, when the Company’s earnings per share for the twelve months ending December 31, 2004 are adjusted proforma for similar tax rates and share counts the results are \$0.69 (basic) and \$0.68 (diluted) representing approximately 210.9% growth on a proforma year over year basis;
- Total revenue for the twelve months was \$224.3 million with \$216.3 million of revenue derived from homebuilding as compared to total revenue of \$96.0 million for the twelve months ended December 31, 2004 with \$87.0million of revenue derived from homebuilding. This represents a 133.5% increase in total revenue and a 148.6% increase in revenue from homebuilding;
- During the fourth quarter the Company performed a discounted cash flow analysis of its active operations in Raleigh, North Carolina. As a result of this review the Company recorded a \$1.2 million impairment to the carrying value of its Real estate held for development and sale at Kelton II, a townhouse project in the Raleigh area. The impairment charge is included as a component of the Company’s Cost of sales in the fourth quarter of 2005;
- Gross profit from all revenue was \$66.6 million for the twelve months representing a 29.7% gross margin. Gross profit for the twelve months ended December 31, 2004, was \$32.1 million representing a 33.4% gross margin. The reduction in gross margin was a result of product mix which included more lower margin condominium conversion settlements;
- Operating income was \$42.4 million for the twelve months representing an 18.9% operating margin as compared to operating income of \$20.1 million and an operating margin of 20.9% for the twelve months ended December 31,2004. Selling, general and administrative expenses for the twelve months were \$24.2 million representing 10.8% of total revenue as compared to \$11.9million representing 12.4% of total revenue for the twelve months ended December 31, 2004. This represents a 12.9% increase in overhead efficiency or 1.6 percentage points;
- Backlog revenue at December 31, 2005 was \$190.4 million on 475 sold units as compared to \$174.6 million on 329 homes at December 31, 2004;
- Of the Company’s December 31, 2005 backlog, approximately \$157.6 million is derived from 390 sold units at the Company’s Eclipse on Center Park at Potomac Yard project. In December 2005 the Company conducted a limited release and sold 21 units in Phase II of the Eclipse project at an average sale price of approximately \$488,000. The Company announced that it received notices of cancellation on 4 contracts during the course of 2005. Gross project

to date sales at the Eclipse on December 31, 2005 were 400 units at an average price of \$403,500 with a total 10 recorded cancellations valued at approximately \$5.8 million. The project formally reopened for sales of the final phase units in Phase II on February 25, 2006. To date 10 additional sales have been written;

- The Company's debt to capitalization ratio at December 31, 2005 was 49.8% with real estate held for development and sale of \$263.8 million as compared to 55.2% and \$104.3 million respectively at December 31, 2004.

"Our tremendous growth in 2005 is a result of the hard work and dedication of every member of the Comstock Homebuilding team," said Christopher Clemente, Chairman and Chief Executive Officer. "I am confident that the extensive experience of our management team in dealing with challenging market conditions will lead to continued positive results for 2006."

The Company issued 2006 guidance in a range of \$2.25 to \$2.75. Based on current backlog the Company expects a significant portion of the 2006 earnings to be derived from settlements in the second half of the year.

"The primary driver of this unbalanced earnings stream is our Eclipse at Potomac Yard project," continued Clemente. "Construction is going well with the first tower having recently been topped off. Accordingly, we are confident we will begin delivering units this fall and deliver much of the backlog this year. The timing of settlements that occur and the associated revenue will depend on many factors including the timing of the first round of settlements."

"Given the significant impact the Eclipse has on our 2006 earnings, we are providing quarterly guidance in wider ranges this year than we did last year," said Bruce Labovitz, Chief Financial Officer. "We caution the markets to look more to the mid-points of our ranges for guidance and to keep in mind that while we are comfortable at this time with our annual earnings estimate there may be shifting of revenue and earnings between the quarters leaving us at the lower end of one range and the higher end of another."

The Company issued quarterly and annual guidance for 2006 as follows:

The Company issued quarterly and annual guidance for 2006 as follows:

| | |
|--|------------------|
| Three months ending March 31, 2006 | \$0.02 to \$0.22 |
| Three months ending June 30, 2006 | \$0.15 to \$0.40 |
| Three months ending September 30, 2006 | \$0.25 to \$0.50 |
| Three months ending December 31, 2006 | \$1.50 to \$1.90 |
| Full year ending December 31, 2006 | \$2.25 to \$2.75 |

About Comstock Homebuilding Companies, Inc.

Comstock is a production homebuilder and real estate developer that develops, builds, and markets single-family homes, townhouses, condominium redevelopments, mid-rise condominiums and high-rise condominiums for first time and first move-up buyers as well as active adult buyers. The Company currently operates in the Washington, D.C.; Atlanta, Georgia; Myrtle Beach, South Carolina; Charlotte, North Carolina and Raleigh, North Carolina markets where it targets a diverse range of buyers, including first-time, early move-up, secondary move-up, empty nester move-down and active adult home buyers. For more information on Comstock, please visit <http://www.comstockhomebuilding.com>.

Cautionary Statement Regarding Forward-Looking Statements

This release contains "forward-looking" statements that are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "may," "will," "expects," "projects," "anticipates," "estimates," "believes," "intends," "plans," "should," "seeks," and similar expressions, including statements related to Comstock's expected future financial results and anticipated growth in the Washington, D.C. housing market, are forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties that may cause actual future results to differ materially from those projected or contemplated in the forward-looking statements. These risks and uncertainties include, but are not limited to, economic, market and competitive conditions affecting Comstock and its operations and products, risks and uncertainties relating to the market for real estate generally and in the areas where Comstock has projects, the

availability and price of land suitable for development, materials prices, labor costs, interest rates, Comstock's ability to service its significant debt obligations, fluctuations in operating results, anticipated growth strategies, continuing relationships with affiliates, environmental factors, government regulations, the impact of adverse weather conditions or natural disasters and acts of war or terrorism. Additional information concerning these and other important risks and uncertainties can be found under the heading "Risk Factors" in the prospectus from Comstock's follow-on offering, as filed with the Securities and Exchange Commission in June 2005. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Preliminary Operating Results - Comstock Homebuilding Companies, Inc.

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---------------------------|------------------------------------|---------------|-------------------------------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| Revenues | | | | |
| Sale of real estate-Homes | \$ 75,792 | \$ 19,354 | \$ 216,265 | \$ 87,003 |
| Other revenue | 1,436 | 2,124 | 8,040 | 9,042 |
| Total revenue | 77,228 | 21,478 | 224,305 | 96,045 |

| | | | | |
|--|----------|------------|-----------|------------|
| Expenses | | | | |
| Cost of sales of real estate | 56,015 | 12,674 | 154,102 | 57,339 |
| Cost of sales of other | 466 | 1,235 | 3,604 | 6,654 |
| Selling, general and administrative | 6,968 | 2,623 | 24,190 | 11,940 |
| Operating income | 13,779 | 4,946 | 42,409 | 20,112 |
| Other (income) expense, net | (797) | 625 | (1,450) | 908 |
| Income before minority interest and equity in earnings of | | | | |
| real estate partnerships | 14,576 | 4,321 | 43,859 | 19,204 |
| Minority interest | 16 | 900 | 30 | 5,260 |
| Income before equity in earnings of real estate partnerships | | | | |
| Equity in earnings of real estate partnerships | 14,560 | 3,421 | 43,829 | 13,944 |
| | 17 | 25 | 99 | 118 |
| Total pre tax income | | | | |
| Income Taxes | 14,577 | 3,446 | 43,928 | 14,062 |
| | 5,373 | (241) | 16,366 | (241) |
| Net Income | | | | |
| | \$ 9,204 | \$ 3,687 | \$ 27,562 | \$ 14,303 |
| Basic earnings per share | | | | |
| | 0.66 | 0.45 | 2.14 | 1.95 |
| Basic weighted average shares outstanding | | | | |
| | 13,991 | 8,167 | 12,870 | 7,347 |
| Diluted earnings per share | | | | |
| | 0.65 | 0.45 | 2.12 | 1.95 |
| Diluted weighted average shares outstanding | | | | |
| | 14,105 | 8,183 | 13,022 | 7,351 |
| Actual and proforma basic earnings per share | | | | |
| | \$ 0.66 | \$ 0.16(1) | \$ 2.14 | \$ 0.69(1) |
| Actual and proforma diluted earnings per share | | | | |
| | \$ 0.65 | \$ 0.15(1) | \$ 2.12 | \$ 0.68(1) |

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(1) Proforma 2004 is Net Income per share adjusted for tax rates and share counts

Preliminary Balance Sheet - Comstock Homebuilding Companies, Inc.

| | December 31, 2005 | December 31, 2004 |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 42,167 | \$ 67,559 |
| Restricted cash | 10,800 | 7,500 |
| Receivables | 6,365 | 239 |
| Note receivables | 1,250 | — |
| Due from related parties | 2,899 | 1,447 |
| Real estate held for development and sale | 263,802 | 104,326 |
| Inventory not owned - variable interest entities | 89,890 | 118,558 |
| Property, plant and equipment | 605 | 488 |
| Investment in real estate partnerships | (35) | 1,029 |
| Deferred income tax | 2,545 | 821 |
| Other assets | 11,031 | 2,540 |
| TOTAL ASSETS | \$ 431,319 | \$ 304,507 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Accounts payable and accrued liabilities | 59,131 | \$ 35,532 |
| Income taxes payable | — | 290 |
| Due to related parties | 40 | 148 |
| Obligations related to inventory not owned | 83,015 | 114,333 |
| Notes payable | 142,994 | 65,684 |
| Notes payable-related parties | 663 | 10,944 |
| Distribution payable | — | 12,655 |
| TOTAL LIABILITIES | 285,843 | 239,586 |
| Minority interest | 400 | 2,695 |
| SHAREHOLDERS' EQUITY | | |
| Class A common stock, \$0.01 par value, 77,266,500 shares authorized, 11,532,442 and | 115 | 92 |

| | | |
|---|-------------------|-------------------|
| 9,160,608 issued and outstanding | | |
| Class B common stock, \$0.01 par value, 2,733,500 shares authorized, 2,733,500 issued and outstanding | 27 | 27 |
| Additional paid-in capital | 129,009 | 75,510 |
| Unearned compensation | (2,548) | (4,314) |
| Retained earnings (accumulated deficit) | <u>18,473</u> | <u>(9,089)</u> |
| TOTAL SHAREHOLDERS' EQUITY | <u>145,076</u> | <u>62,226</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | <u>\$ 431,319</u> | <u>\$ 304,507</u> |