
**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): October 31, 2011

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, FOURTH FLOOR
RESTON, VIRGINIA 20910**
(Address of principal executive offices) (Zip Code)

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

(Former Name or Former Address, if Changed Since Last Report)

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 (See General Instruction A.2. below):

- 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))
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Item 1.01. Entry into a Material Definitive Agreement.

On October 31, 2011, Comstock Cascades II, L.C. ("Cascades"), an entity in which Comstock Homebuilding Companies, Inc. (the "Company") holds a controlling interest, entered into a Contract of Sale Agreement (the "Agreement"), with CAPREIT Acquisition Corporation ("Purchaser"), a Maryland corporation, relating to the sale of Cascades' 103-unit apartment project known as The Commons On Potomac Square Apartments located in Sterling, Loudoun County, Virginia (the "Project"). Pursuant to the Agreement, following the expiration of the due diligence period and subject to fulfillment or waiver of all conditions precedent to the Purchaser's obligation to complete the purchase, the Purchaser shall purchase the Project for \$19,750,000. The Company estimates that it will receive net proceeds of approximately \$6,000,000 (inclusive of escrow amounts discussed below) from the transaction after repayment of the existing loan from Cardinal Bank secured by the Project and the retirement of the non-controlling equity financing relating to the Project.

In accordance with the Agreement, Purchaser shall have a thirty (30) day due diligence period from the effective date of the Agreement, during which it time it may terminate the Agreement and receive a return of its initial \$250,000 deposit. Should the Purchaser move forward with the purchase of the Project subsequent to the expiration of the due diligence period, it shall be required to place in escrow an additional \$250,000 deposit. In accordance with the Agreement, settlement shall take place no later than December 29, 2011 or the full deposit made by the Purchaser shall be subject to forfeiture. At settlement, Cascades is required to place in escrow \$250,000 (the "Warranty Escrow") to secure performance of certain post-closing warranty work and \$750,000 (the "Claims Escrow") to secure Cascades' indemnification and other obligations set forth in the Agreement. The Warranty Escrow shall be released to Cascades upon completion of the post-closing warranty work and the Claims Escrow shall be released to Cascades in three equal installments at six, eight and twelve months from the date of settlement provided that no claims have been made against Cascades by the Purchaser.

On October 28, 2011, the Company issued a press release announcing the execution of the Agreement. A copy of this press release is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibit

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release by Comstock Homebuilding Companies, Inc., dated October 31, 2011

SIGNATURES

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

Date: November 3, 2011

COMSTOCK HOMEBUILDING COMPANIES, INC.

By: /s/ Christopher Clemente
Christopher Clemente,
Chief Executive Officer

COMSTOCK ANNOUNCES SALE OF MULTI-FAMILY PROJECT FOR \$19.75 MILLION

FOCUS ON MULTI-FAMILY HAVING POSITIVE IMPACT ON RESULTS

RESTON, VA, Oct. 31, 2011 (GLOBE NEWSWIRE) — Comstock Homebuilding Companies, Inc. (“Comstock” or “Company”) (NASDAQ: CHCI) announced that on October 31, 2011, Comstock Cascades II L.C., an entity in which the Company has a controlling interest, entered into a definitive agreement (“Agreement”) with CAPREIT, Inc. and/or its affiliates (“Purchaser”) whereby Comstock agreed to sell CAPREIT its Potomac Square Apartment project (“Property”) for approximately \$19.75 million.

Comstock developed the 103-unit Class A apartment project within the Cascades master planned community located in Loudoun County, Virginia. Construction began during the first quarter of 2011 and was completed in the third quarter, with initial occupancies beginning in July. Cardinal Bank of Tysons Corner, Virginia provided a \$10.5 million construction loan for the project. The transaction is expected to close during the fourth quarter of 2011, subject to a customary due diligence period, during which the Purchaser is entitled to cancel the transaction.

“We continue to leverage our core operating strengths to capitalize on attractive development opportunities in what is arguably the best real estate market in America. Expanding our focus to include the development of institutional investment grade multi-family rental properties will have a positive impact on results in the near term,” commented Christopher Clemente, Comstock’s Chairman and Chief Executive Officer. “The rapid construction, lease up, sale and overall performance of the Potomac Square Apartment project, and the significant institutional demand for such properties, demonstrate the opportunity that exists in the market today, and our ability to identify and capitalize on such opportunities. We will continue working to bring such assets to market while focusing our near term for-sale homebuilding investments on select opportunities with significant upside potential.”

About Comstock Homebuilding Companies, Inc.

Established in 1985, Comstock is a multi-faceted real estate development and services company. Our substantial experience in building a diverse range of products and track record of developing successful projects has positioned Comstock as a prominent real estate development and services company in the Washington, DC market. Comstock Homebuilding Companies, Inc. trades on

NASDAQ under the symbol CHCI. For more information on the Company or its projects, please visit 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. 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. Additional information concerning these and other important risks and uncertainties can be found under the heading “Risk Factors” in the Company’s most recent Form 10-K, as filed with the Securities and Exchange Commission. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Contact:

Joe Squeri

Chief Financial Officer

703.230.1229