



March 24, 2008

Comstock Homebuilding Companies, Inc. Reports Results for Fiscal Year Ended December 31, 2007

RESTON, VA, Mar 24, 2008 (MARKET WIRE via COMTEX News Network) -- Comstock Homebuilding Companies, Inc. (NASDAQ: CHCI) ("Comstock" or the "Company") today released financial results for the twelve months ended December 31, 2007.

For the twelve months ended December 31, 2007 the Company reported a net loss of \$(87.5) million or (\$5.42) per share basic and diluted on total revenue of \$266.2 million as compared to a net loss of \$(39.8) million or (\$2.63) per share basic and diluted on revenue of \$245.9 million for the twelve months ended December 31, 2006. In connection with these results the Company announced that it had elected to record non-cash impairment and write-off charges of \$78.3 million, or \$2.96 per share after tax based on a 39% tax rate, for the twelve months ended December 31, 2007 as compared to charges of \$57.4 million, or \$2.31 per share after tax based on a 39% tax rate, for the twelve months ended December 31, 2006. Exclusive of impairment and write-off charges the Company posted an operating loss of \$(13.8) million for the twelve months ended December 31, 2007 as compared to an operating loss of \$(8.3) million for the twelve months ended December 31, 2006.

In addition, at December 31, 2007 the Company had recorded a \$29.2 million valuation allowance against its deferred tax asset, an increase of \$28.7 million as compared to December 31, 2006. This increase in the Company's deferred tax asset valuation allowance represented, on a pro-forma basis, approximately \$(1.78) per share of the loss.

The Company noted that during the twelve months ended December 31, 2007 it reduced its debt by \$124.2 million to \$171.2 million as compared to \$295.4 million at December 31, 2006. The company's net debt-to-cap ratio at December 31, 2007 was 75.5% as compared to 65.4% at December 31, 2006. The Company indicated that it had received all necessary waivers and/or forbearances from its lenders with respect to its December 31, 2007 loan covenants.

As previously reported, on March 14, 2008 the Company closed on a new \$40.0 million revolving loan facility with KeyBank National Association. The proceeds from the new loan were used to refinance the Company's Eclipse at Potomac Yard and Towns at Station View projects, provide financing for the restructure of the Company's \$30.0 million senior unsecured notes; pay fees and expenses associated with the new loan and provide working capital to the Company.

In connection with the closing of the new loan with KeyBank, and as previously disclosed, the Company executed on its option to restructure its \$30.0 million senior unsecured notes. Under the terms of the restructuring, the Company made a \$6.0 million payment to the noteholder, entered into an amended and restated indenture for \$9.0 million and issued the noteholder a warrant to purchase 1.5 million shares of the Company's Class A common stock at a price of \$0.70 per share. In exchange, the noteholder reduced the outstanding amount due under the notes by an additional \$15.0 million.

The Company also announced that in February 2008, based on its taxable losses for 2007, it had filed for a \$13.9 million refund of federal and state taxes paid in connection with the Company's 2005 fiscal year. The refunds were received in March 2008.

"Last year was a difficult year for our company and the home building industry by any measure. However, we are confident that the actions we took during 2007 improve our outlook for future periods," said Christopher Clemente, Chairman and Chief Executive Officer. "We reduced debt by nearly one third while obtaining meaningful concessions from most of our lenders, we significantly reduced operating expenses and production costs, we enhanced liquidity by maximizing our tax refund, we reduced the burden of debt service by temporarily repositioning several projects as rental properties and selling certain other assets, and accelerated recognition of future period expenses where practical. We also negotiated a \$15 million discount to our \$30 million senior unsecured notes, revalued the assets we continue to hold through the recognition of impairments based on a 17% discount model and aggressively sold inventory of speculative units. While market conditions remain challenging we believe we have positioned Comstock for improving results in future periods."

The Company will hold an investor conference call on Tuesday, March 25, 2008 at 1:00 p.m. Eastern Time hosted by Christopher Clemente, Chief Executive Officer, and Bruce Labovitz, Chief Financial Officer. The domestic dial-in number is 800-769-8320 and the international dial-in is 416-695-9719. There is no access code required. Investors are advised to join at least five minutes prior to the call to register. The call will also be available via live webcast on the Comstock Homebuilding Companies' website at <http://www.comstockhomebuilding.com> in the "Investor Relations" section. The call will be archived for seven days: from 5:00 p.m. on March 25, 2008, until 11:59 p.m. on April 1, 2008. Domestic callers can access the replay at 800-408-3053 and international callers can access the replay at 416-695-5800. The replay access code is 3253806.

Selected Highlights of Financial Results - Twelve months ended December 31, 2007:

In connection with their unqualified opinion regarding the Company's 2007 audit, the Company's independent registered public accounting firm, PricewaterhouseCoopers, indicated their belief that declining market conditions and the significant amount of the Company's debt which matures in 2008 creates substantial doubt that the Company would continue operating as a going concern. The Company's financials are nonetheless prepared assuming that the Company will continue as a going concern.

- The Company reported a net loss of \$(87.5) million or (\$5.42) per share basic and diluted on weighted average shares outstanding of 16.1 million as compared to a net loss of \$(39.8) million or (\$2.63) per share basic and diluted on 15.1 million weighted average shares outstanding for the twelve months ended December 31, 2006;
- As a result of softening market conditions and project repositioning in the Company's markets, the Company elected to record \$78.3 million of non-cash impairment and write-off charges as compared to \$57.4 million for the twelve months ended December 31, 2006. On a pro-forma basis, before impairments and write-offs, the Company's operating loss would have been \$(11.8) million as compared to an operating loss of \$(7.0) million for the twelve months ended December 31, 2006;
- Total revenue was \$266.2 million with revenue from homebuilding representing \$232.8 million, or 87.5% of total revenue, as compared to total revenue of \$245.9 million for the twelve months ended December 31, 2006 with revenue from homebuilding representing \$240.1 million, or 97.6% of total revenue;
- Gross margin on total revenue was 7.8% as compared to 11.9% for the twelve months ended December 31, 2006. Gross margin from homebuilding revenue was 9.3% as compared to 11.9% for the twelve months ended December 31, 2006;
- SG&A was \$34.7 million, or 13.0% of total revenue, representing a \$2.8 million decrease as compared to \$37.5 million, or 15.3% of total revenue, for the twelve months ended December 31, 2006. Included in the 2007 SG&A is a non-cash charge of approximately \$4.2 million in connection with the acceleration of certain restricted stock grants in December 2007. On a pro-forma basis, exclusive of this acceleration charge, SG&A was \$30.5 million, or 11.5% of total revenue, representing an 18.7% or \$7.0 million reduction as compared to 2006;
- In connection with its December 31, 2007 financial statements the Company elected to record a \$29.2 million valuation allowance against its deferred tax asset. This represented a \$28.7 million increase as compared to December 31, 2006. This increase in valuation allowance represented approximately \$(1.78) per share of the loss;
- Details of the Company's gross new orders, cancellations, deliveries and backlog for the twelve months ended December 31, 2007 and 2006 are as follows:

	Twelve months ended December 31, 2007			
	Washington Metro Area	North Carolina	Georgia	Total
Gross new orders	559	152	116	827
Cancellations	162	28	24	214
Net new orders	397	124	92	613
Gross new order revenue	\$ 123,909	\$ 38,017	\$ 35,936	\$ 197,862
Cancellation revenue	\$ 69,974	\$ 8,476	\$ 7,594	\$ 86,044

Net new order revenue	\$	53,935	\$	29,541	\$	28,342	\$	111,818
Average gross new order price	\$	222	\$	250	\$	310	\$	239
Settlements		669		131		86		886
Settlement revenue - homebuilding	\$	174,584	\$	31,644	\$	26,577	\$	232,805
Average settlement price	\$	261	\$	242	\$	309	\$	263
Backlog units		13		39		18		70
Backlog revenue	\$	4,112	\$	12,684	\$	6,051	\$	22,847
Average backlog price	\$	316	\$	325	\$	336	\$	326

Twelve months ended December 31, 2006

	Washington Metro Area	North Carolina	Georgia	Total
Gross new orders	625	175	165	965
Cancellations	122	6	43	171
Net new orders	503	169	122	794
Gross new order revenue	\$ 159,498	\$ 45,213	\$ 43,236	\$ 247,947
Cancellation revenue	\$ 39,621	\$ 2,956	\$ 10,631	\$ 53,208
Net new order revenue	\$ 119,877	\$ 42,257	\$ 32,605	\$ 194,739
Average gross new order price	\$ 255	\$ 258	\$ 262	\$ 257
Settlements	675	132	107	914
Settlement revenue - homebuilding	\$ 180,182	\$ 32,255	\$ 27,656	\$ 240,093
Average settlement price	\$ 267	\$ 244	\$ 258	\$ 263
Backlog units	285	45	15	345
Backlog revenue	\$ 123,080	\$ 13,245	\$ 4,948	\$ 141,273
Average backlog price	\$ 432	\$ 294	\$ 330	\$ 409

About Comstock Homebuilding Companies, Inc.

Established in 1985, Comstock Homebuilding Companies, Inc. is a publicly traded, diversified real estate development firm with a focus on affordably priced for-sale residential products. Comstock builds and markets single-family homes, townhouses, mid-rise condominiums, high-rise condominiums, and mixed-use urban communities. The company currently markets its products under the Comstock Homes brand in the Washington, DC; Raleigh, North Carolina; and Atlanta, Georgia metropolitan areas. 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. 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, DC housing market, are forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties that may cause 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 Company's most recent form 10-K, as filed with the Securities and Exchange Commission on March 24, 2008. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Comstock Homebuilding Companies, Inc.
Balance Sheet

	December 31,

	2007 2006

ASSETS		
Cash and cash equivalents	\$ 6,822	\$ 21,263
Restricted cash	4,985	12,326
Receivables	370	4,555
Due from related parties	92	4,053
Real estate held for development and sale	203,860	405,144
Inventory not owned - variable interest entities	19,250	43,234
Property, plant and equipment	1,539	2,723
Investment in real estate partnership	-	(171)
Deferred income tax	-	10,188
Other assets	22,058	14,114
	-----	-----
TOTAL ASSETS	\$ 258,976	\$ 517,429
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 21,962	\$ 55,680
Due to related parties	-	1,140
Obligations related to inventory not owned	19,050	40,950
Notes payable	141,214	265,403
Senior unsecured debt	30,000	30,000
	-----	-----
TOTAL LIABILITIES	212,226	393,173
	-----	-----
Commitments and contingencies		
Minority interest	231	371
	-----	-----
SHAREHOLDERS' EQUITY		
Class A common stock, \$0.01 par value, 77,266,500 shares authorized, 15,120,955 and 14,129,081 issued and outstanding, respectively	151	141
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	155,998	147,528
Treasury stock, at cost (391,400 Class A common stock)	(2,439)	(2,439)
Accumulated deficit	(107,219)	(21,372)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	46,519	123,885
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 258,976	\$ 517,429
	=====	=====
Twelve Months Ended		
December 31,		
Comstock Homebuilding Companies, Inc.		
Income Statement		
	-----	-----
	2007	2006
	-----	-----
Revenues		
Revenue - homebuilding	\$ 232,805	\$ 240,093
Revenue - other	33,354	5,788
	-----	-----
Total revenue	266,159	245,881
Expenses		
Cost of sales - homebuilding	211,068	211,408
Cost of sales - other	34,241	5,249
Impairments and write-offs	78,264	57,426
Selling, general and administrative	34,671	37,500
	-----	-----
Operating (loss) income	(92,085)	(65,702)
Other (income) expense, net	(1,886)	(1,487)
	-----	-----
(Loss) income before minority interest and equity in (loss) earnings of real estate partnership	(90,199)	(64,215)

Minority interest	(137)	15
	-----	-----
(Loss) income before equity in (loss) earnings of real estate partnership	(90,062)	(64,230)
Equity in (loss) earnings of real estate partnership	-	(135)
	-----	-----
Total pre tax (loss) income	(90,062)	(64,364)
Income taxes (benefit) provision	(2,552)	(24,520)
	-----	-----
Net (loss) income	\$ (87,510)	\$ (39,845)
	=====	=====
Basic (loss) earnings per share	\$ (5.42)	\$ (2.63)
Basic weighted average shares outstanding	16,140	15,148
	=====	=====
Diluted (loss) income per share	\$ (5.42)	\$ (2.63)
Diluted weighted average shares outstanding	16,140	15,148
	=====	=====

Media Contact:
Bruce Labovitz
Email Contact
703.230.1131

SOURCE: Comstock Homebuilding Companies, Inc.