

Comstock Holding Companies, Inc.
Form DEF 14A
January 22, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12
Comstock Holding Companies, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules
14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

COMSTOCK HOLDING COMPANIES, INC.

1886 Metro Center Drive, 4th Floor

Reston, Virginia 20190

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON FEBRUARY 12, 2019

A Special Meeting of Stockholders of Comstock Holding Companies, Inc. (the “Company”), a Delaware corporation, will be held at 10:00 a.m. local time, on February 12, 2019, at the second floor conference center at Reston Station, located at 1900 Reston Metro Plaza, 2nd Floor, Reston, Virginia 20190, for the following purposes:

1. To approve an amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of Class A common stock;
2. To approve the Comstock Holding Companies, Inc. 2019 Omnibus Incentive Plan; and
3. To transact any other business that may properly come before the meeting or any adjournment thereof.

These items of business are more fully described in the proxy statement accompanying this Notice. Only stockholders of record at the close of business on January 18, 2019 are entitled to notice of and to vote at the meeting.

All stockholders are cordially invited to attend the meeting and vote in person. To assure your representation at the meeting, however, you are urged to mark, sign, date, and return the enclosed proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose. You may vote in person at the meeting even if you have previously returned a proxy card.

Sincerely,

Reston, Virginia	Jubal R. Thompson
January 25, 2019	General Counsel and Secretary

COMSTOCK HOLDING COMPANIES, INC.

1886 Metro Center Drive, 4th Floor

Reston, Virginia 20190

PROXY STATEMENT

VOTING AND OTHER MATTERS

General

The enclosed proxy is solicited on behalf of Comstock Holding Companies, Inc., a Delaware corporation (the “Company” or “us”), by our Board of Directors (the “Board”) for use at a Special Meeting of Stockholders to be held on February 12, 2019 at 10:00 a.m., local time, or at any adjournment thereof, for the purposes set forth in this proxy statement and in the accompanying Notice of Special Meeting of Stockholders. The meeting will be held at the second floor conference center at Reston Station, located at 1900 Reston Metro Plaza, 2nd Floor, Reston, Virginia 20190. If you need directions to the meeting, please contact Judy Whitaker at 703-883-1700.

This proxy statement and form of proxy are first being mailed on or about January 25, 2019 to all stockholders entitled to vote at the meeting.

Voting Securities and Voting Rights

Stockholders of record at the close of business on January 18, 2019, which we have set as the record date, are entitled to notice of and to vote at the meeting. As of December 21, 2018, there were issued and outstanding 3,617,943 shares of our Class A common stock and 220,250 shares of our Class B common stock. Each holder of our Class A common stock voting at the meeting, either in person or by proxy, may cast one vote per share of Class A common stock held on all matters to be voted on at the meeting. Each holder of our Class B common stock voting at the meeting, either in person or by proxy, may cast 15 votes per share of Class B common stock held on all matters to be voted on at the meeting.

The meeting will be held only if there is a quorum present. A quorum exists only if the holders of a majority of the voting power of the issued and outstanding stock of the Company and entitled to vote at the meeting are present in person or represented by proxy at the meeting. Votes cast by proxy or in person at the meeting will be tabulated by the inspector of elections appointed for the meeting and will determine whether a quorum is present. The inspector of elections will treat abstentions and broker non-votes as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

Under the rules of the New York Stock Exchange, on certain routine matters, brokers may, at their discretion, vote shares they hold in “street name” on behalf of beneficial owners who have not returned voting instructions to the brokers, so-called “broker non-votes.” In instances where brokers are prohibited from exercising discretionary authority, the shares they hold are not included in the vote totals. Brokers will be prohibited from exercising discretionary authority with respect to both Proposal 1 and Proposal 2 (defined below). Therefore, if you hold your shares in the name of a bank, broker or other holder of record, for your vote to be counted in Proposals 1 and 2 you

will need to communicate your voting decisions to your bank, broker or other holder of record before the date of the meeting.

Voting Requirements

Approval of an amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of Class A common stock (“Proposal 1”) requires the affirmative vote of the holders of a majority of the common stock issued and outstanding and entitled to vote at the Special Meeting. Approval of the Comstock Holding Companies, Inc. 2019 Omnibus Incentive Plan (“Proposal 2”) requires the affirmative vote of the holders of a majority of the common stock present, in person or represented by proxy, and entitled to vote at the Special Meeting.

Stockholders may vote “for,” “against” or “abstain” from voting on Proposal 1 and Proposal 2. Abstentions and broker non-votes will have the same effect as a vote against Proposal 1. Abstentions will have the same effect as a vote against Proposal 2, and broker non-votes will have no effect on Proposal 2.

Whether or not a person plans to attend the meeting, such person may vote by completing, signing and dating the accompanying proxy card and returning it in the postage-prepaid envelope enclosed for that purpose. If a person attends the meeting, they may vote in person even if such person had previously returned a proxy card.

Voting of Proxies

When a proxy card is properly executed and returned, the shares it represents will be voted at the meeting as directed. If no specification is indicated, the shares will be voted (1) “for” the approval of the amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of Class A common stock and (2) “for” the approval of the Comstock Holding Companies, Inc. 2019 Omnibus Incentive Plan.

At the time of printing this proxy, we do not know of any other matter that may come before the Special Meeting and do not intend to present any other matter. However, if any other matters properly come before the meeting or any adjournment or postponement, the persons named as proxies will have discretionary authority to vote the shares represented by the proxies in accordance with their own judgment, including the authority to vote to adjourn the meeting.

Revocability of Proxies

Any person giving a proxy may revoke the proxy at any time before its use by delivering to us either a written notice of revocation or a duly executed proxy bearing a later date or by attending the meeting and voting in person.

Solicitation

This solicitation is being made by us and will be paid for by the Company. In addition, we may reimburse brokerage firms and other persons representing beneficial owners of shares for expenses incurred in forwarding solicitation materials to such beneficial owners. Proxies also may be solicited by certain of our directors and officers, personally or by telephone or e-mail, without compensation for the solicitation.

Deadline for Receipt of Stockholder Proposals for our 2019 Annual Meeting

Proposals of stockholders intended for inclusion in the proxy statement to be furnished to all stockholders entitled to vote at our 2019 annual meeting of stockholders, pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act, by the Securities and Exchange Commission (“SEC”) must be received at our principal executive offices not later than January 17, 2019, which is 120 days prior to the first anniversary of the mailing date of the proxy statement for the 2018 annual meeting of stockholders. Any proposal must comply with the requirements as to form and substance established by the SEC for such proposal to be included in our proxy statement.

Under our bylaws, stockholders who wish to submit a proposal at the 2019 annual meeting, other than one that will be included in our proxy statement, must deliver such proposal to the Secretary our principal executive offices between February 14, 2019 and March 16, 2019, unless the date of the 2019 annual meeting of the stockholders is more than 30 days before or more than 60 days after the one-year anniversary of the 2018 annual meeting. If a stockholder who wishes to present a proposal fails to notify us in the appropriate time frame and such proposal is brought before the 2019 annual meeting, then under the SEC’s proxy rules, the proxies solicited by management with respect to the 2019 annual meeting will confer discretionary voting authority with respect to the stockholder’s proposal on the persons

selected by management to vote the proxies. If a stockholder makes a timely notification, the proxies may still exercise discretionary voting authority under circumstances consistent with the SEC's proxy rules. Stockholders should submit their proposals to Comstock Holding Companies, Inc., 1886 Metro Center Drive, 4th Floor, Reston, Virginia 20190, Attention: Corporate Secretary.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR
THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON FEBRUARY 12, 2019

This proxy statement is available at www.comstockcompanies.com/proxymaterial.

Cautionary Note Regarding Forward-looking Statements

This proxy statement includes forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by the use of words such as “anticipate,” “believe,” “estimate,” “may,” “likely,” “intend,” “expect,” “will,” “should,” “seeks” or other similar expressions. Forward-looking statements are based largely on our expectations and involve inherent risks and uncertainties, many of which are beyond our control. You should not place undue reliance on any forward-looking statement, which speaks only as of the date made. Some factors which may affect the accuracy of the forward-looking statements apply generally to the real estate industry, while other factors apply specifically to us. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, without limitation: our ability to transition our business strategy and operating platform and secure any necessary funding for such transition and future growth; general economic and market conditions, including interest rate levels; our ability to service our debt; inherent risks in investment in real estate; our ability to compete in the markets in which we operate; economic risks in the markets in which we operate, including actions related to government spending; delays in governmental approvals and/or land development activity at our projects; regulatory actions; our ability to maintain compliance with stock market listing rules and standards; fluctuations in operating results; our anticipated growth strategies; shortages and increased costs of labor or building materials; the availability and cost of land in desirable areas; natural disasters; our ability to raise debt and equity capital or issue additional equity securities to retire existing debt and grow our operations on a profitable basis; and our continuing relationships with affiliates.

Additional information concerning these and other important risks and uncertainties can be found under the heading “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Our actual results could differ materially from these projected or suggested by the forward-looking statements. The Company undertakes no obligation to update publicly or revise any forward-looking statements in light of new information or future events, except as required by law.

PROPOSAL 1

APPROVAL OF THE AMENDMENT TO OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF CLASS A COMMON STOCK

On December 12, 2018, the Board approved, and is recommending to our stockholders for approval, an amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of Class A common stock from 11,038,071 to 59,779,750 and a corresponding increase to the number of authorized shares of capital stock from 31,258,321 to 80,000,000. The proposed amendment would not increase the authorized number of shares of Class B common stock or preferred stock.

If approved, our proposed Amended and Restated Certificate of Incorporation would be amended by deleting the first part of Article IV that appears prior to section (A) of Article IV and inserting the following in lieu thereof:

“The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 80,000,000 shares, of which:

Fifty-Nine Million Seven Hundred Seventy-Nine Thousand Seven Hundred and Fifty (59,779,750) shares, par value \$0.01 per share, shall be shares of Class A common stock (the “Class A Common Stock”);

Two Hundred Twenty Thousand and Two Hundred Fifty (220,250) shares, par value \$0.01 per share, shall be shares of Class B common stock (the “Class B Common Stock” and, together with the Class A Common Stock, the “Common Stock”); and

Twenty Million (20,000,000) shares, par value \$0.01 per share, shall be shares of preferred stock (the “Preferred Stock”).”

Purpose of the Proposed Amendment

The principal purpose of this proposal is to authorize additional shares of Class A common stock for future issuance in order to raise additional capital for the Company that may be used to enhance the balance sheet of the Company (including for retiring existing debt) and/or for general corporate purposes to fund the future growth initiatives of the Company in accordance with our recent change in business strategy.

On April 2, 2018, the Company announced that it is transitioning its business strategy and operating platform from for-sale homebuilding to commercial development, asset management and real estate services. This transition is expected to be fully completed by the first half of 2019 and will allow the Company to explore additional investment activities consistent with its new strategic direction. In furtherance of the Company's stated change in corporate

strategy, CDS Asset Management, L.C. (“CAM”), an entity wholly owned by the Company, entered into an asset management agreement (the “AMA”) with Comstock Development Services, LC (“CDS”), an entity wholly owned by Christopher Clemente, the Chief Executive Officer of the Company. Pursuant to the AMA, CDS has engaged CAM to manage the commercial real estate portfolio of CDS and its affiliates for an initial term expiring on December 21, 2022.

The additional shares authorized pursuant to this proposal, if and when issued, may be used as described above and for various other purposes. These additional purposes may include providing equity incentives to employees, officers and non-employee directors through our proposed 2019 Omnibus Plan (see Proposal 2 below), and for any other general corporate purposes deemed appropriate by the Company.

While the Company believes the increase in the authorization of our Class A common stock and potential future issuance of additional shares is an appropriate strategy for the purposes outlined above, the Company does not have any agreements concerning the issuance of any such additional shares as of the date of this proxy statement. However, the Company expects to enter into in the near future one or more transactions regarding the issuance of shares for the purpose of retiring the debt of the Company and/or or providing it with additional capital for continued growth. There can be no assurance that such transaction or transactions will be completed. The Board believes that the proposed increase in the number of authorized shares of Class A common stock is in the best interests of the Company and its stockholders.

The consequences of our failure to increase the authorized number of shares of our Class A common stock may include our inability to satisfy the objectives outlined above on terms and conditions deemed acceptable to the Company.

Potential Effects of the Proposed Amendment

The additional shares of Class A common stock, if and when issued, would have the same rights and privileges as the shares of Class A common stock currently authorized. As such, the amendment will not affect the rights, privileges or preferences of the Company’s existing holders of Class A common stock. The issuance of additional shares of the newly authorized Class A common stock would decrease the percentage ownership of the Company’s existing Class A stockholders and, depending upon the price at which such shares are issued, could be dilutive to the Company’s existing stockholders. Existing stockholders do not have preemptive rights to acquire the Class A common stock authorized by this proposed amendment. We have not proposed the increase in the authorized number of shares of Class A common stock with the intention of using the additional shares for anti-takeover purposes, although an issuance of additional shares could make an attempt to acquire control of the Company more difficult.

Timing of the Proposed Amendment

If the proposed amendment to increase the number of authorized shares of Class A common stock is approved by the Company's stockholders, the increase will become effective immediately upon the filing of a Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company with the Secretary of State of the State of Delaware, which we expect to file promptly after the Special Meeting. The form of proposed certificate

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of amendment to the Company's Amended and Restated Certificate of Incorporation to increase the authorized shares of our Class A common stock is attached to this proxy statement as Annex A.

Vote Required and Board Recommendation

The approval of this proposal to amend our Amended and Restated Certificate of Incorporation requires the affirmative vote of the holders of a majority of the common stock issued and outstanding and entitled to vote at the Special Meeting.

The Board recommends a vote "FOR" the proposal to amend the Amended and Restated Certificate of Incorporation to increase the number of authorized shares of Class A common stock.

PROPOSAL 2

APPROVAL OF THE COMSTOCK HOLDING COMPANIES, INC.

2019 Omnibus Incentive Plan

On December 12, 2018, the Board adopted the Comstock Holding Companies, Inc. 2019 Omnibus Incentive Plan (the “2019 Omnibus Plan”). The 2019 Omnibus Plan will become effective as of the date it is approved by our stockholders.

The 2019 Omnibus Plan is intended to serve as the successor to the Comstock Homebuilding Companies, Inc. Amended and Restated 2004 Long-Term Incentive Compensation Plan (the “Prior Plan”). As of December 31, 2018, there were approximately 555,932 shares of our common stock subject to outstanding awards under the Prior Plan. As of such date, there were approximately 62,283 shares of our common stock reserved and available for future awards under the Prior Plan. If our stockholders approve the 2019 Omnibus Plan, all future equity awards will be made from the 2019 Omnibus Plan, and we will not grant any additional awards under the Prior Plan.

A summary of the 2019 Omnibus Plan is set forth below. This summary is qualified in its entirety by the full text of the 2019 Omnibus Plan, which is attached to this proxy statement as Annex B.

Promotion of Sound Corporate Governance Practices

We have designed the 2019 Omnibus Plan to include a number of features that reinforce and promote alignment of equity compensation arrangements for employees, officers and non-employee directors with the interests of stockholders and the Company. These features include, but are not limited to, the following:

- **No Discounted Stock Options or Stock Appreciation Rights (SARs).** Stock options and SARs may not be granted with exercise prices lower than the fair market value of the underlying shares on the grant date.
- **Prohibition on Repricing.** The exercise price of a stock option or SAR may not be reduced, directly or indirectly, without the prior approval of stockholders, including by a cash repurchase of “underwater” awards.
- **Minimum Vesting Requirements.** Subject to certain limited exceptions, awards granted to employees under the 2019 Omnibus Plan will either (i) be subject to a minimum vesting period of one year, or (ii) be granted solely in exchange for foregone cash compensation.
- **No Dividends on Unearned Awards.** The 2019 Omnibus Plan prohibits the current payment of dividends or dividend equivalent rights on unearned awards.
- **Awards Subject to Clawback Policy.** Awards under the 2019 Omnibus Plan will be subject to any compensation recoupment policy that the Company may adopt from time to time.
- **No Tax Gross-Ups.** The 2019 Omnibus Plan does not provide for any tax gross-ups.

Key Data Relating to Outstanding Equity Awards and Shares Available

The following table includes information regarding outstanding equity awards and shares available for future awards under the Prior Plan as of December 31, 2018 (and without giving effect to approval of the 2019 Omnibus Plan under this Proposal):

	Prior Plan
Total shares underlying outstanding stock options	417,557
Weighted-average exercise price of outstanding stock options	\$3.42
Weighted-average remaining contractual life of outstanding stock options	7.67 years
Total shares underlying outstanding unvested full value awards	138,375
Total shares currently available for grant	62,283

Summary of the 2019 Omnibus Plan

Purpose. The purpose of the 2019 Omnibus Plan is to promote the interests of the Company and its stockholders by strengthening the ability of the Company to attract, motivate, reward, and retain qualified individuals upon whose judgment, initiative, and efforts the financial success and growth of the business of the Company largely depend, and to provide an opportunity for such individuals to acquire stock ownership and other rights that promote and recognize the financial success and growth of the Company.

Administration. The 2019 Omnibus Plan will be administered by a committee (the “Committee”) of the Board. The Committee will have the authority to designate participants; determine the type or types of awards to be granted to each participant and the number, terms and conditions thereof; establish, adopt or revise any rules and regulations as it may deem advisable to administer the 2019 Omnibus Plan; interpret the terms and intent of the 2019 Omnibus Plan and any award certificate; and make all other decisions and determinations that may be required under the 2019 Omnibus Plan. Unless and until changed by the Board, the Compensation Committee is designated as the Committee to administer the 2019 Omnibus Plan.

Eligibility. The 2019 Omnibus Plan permits the grant of incentive awards to employees, officers, non-employee directors, and consultants of the Company and its affiliates as selected by the Committee. As of December 31, 2018, approximately twenty employees and five non-employee directors would be eligible to participate in the 2019 Omnibus Plan.

Permissible Awards. The 2019 Omnibus Plan authorizes the granting of awards in any of the following forms:

- market-priced stock options to purchase shares of our common stock (for a term not to exceed 10 years), which may be designated under the Internal Revenue Code of 1986, as amended (the “Code”) as nonstatutory stock options (which may be granted to all participants) or incentive stock options (which may be granted to officers and employees but not to consultants or non-employee directors);

SARs, which give the holder the right to receive the difference (payable in cash or stock, as specified in the award certificate) between the fair market value per share of our common stock on the date of exercise over the base price of the award (which cannot be less than the fair market value of the underlying stock as of the grant date);

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restricted stock awards (including performance shares), which are subject to restrictions on transferability and subject to forfeiture on terms set by the Committee, including time-based and/or performance-based vesting conditions;

RSUs (including performance units), which represent the right to receive shares of common stock (or an equivalent value in cash, as specified in the award certificate) at a designated time in the future, subject to time-based and/or performance-based vesting conditions set by the Committee;

non-employee director awards, including DSUs, which represent a vested right to receive shares of common stock at a designated time in the future;

other stock-based awards that are denominated in, or valued by reference to, shares of our common stock; and

cash-based awards, including performance-based annual bonus awards.

Shares Available for Awards. If this Proposal 2 is approved (and if Proposal 1 is also approved), subject to adjustment in the event of stock splits and similar events, the aggregate number of shares of common stock reserved and available for issuance pursuant to awards granted under the 2019 Omnibus Plan will be 2,500,000.

Share Counting. Shares of common stock reserved and available for issuance pursuant to awards granted under the 2019 Omnibus Plan shall be counted against the 2019 Omnibus Plan reserve as follows:

To the extent an award granted under the 2019 Omnibus Plan is canceled, terminates, expires, is forfeited or lapses for any reason, including by reason of failure to achieve maximum performance goals, any unissued or forfeited shares will be added back to the 2019 Omnibus Plan share reserve and again be available for issuance under the 2019 Omnibus Plan.

Shares subject to awards settled in cash will be added back to the 2019 Omnibus Plan share reserve and again be available for issuance under the 2019 Omnibus Plan.

Shares withheld or repurchased from an award or delivered by a participant to satisfy tax withholding requirements will be added back to the plan share reserve and again be available for issuance pursuant to awards granted under the 2019 Omnibus Plan.

If the exercise price of a stock option is satisfied in whole or in part by delivering shares to the Company, the number of shares so tendered shall be added to the plan share reserve and will be available for issuance pursuant to awards granted under the 2019 Omnibus Plan.

- To the extent that the full number of shares subject to a stock option or SAR is not issued upon exercise of the award for any reason, including by reason of net-settlement of the award, the unissued shares originally subject to the award will be added back to the plan share reserve and again be available for issuance pursuant to other awards granted under the 2019 Omnibus Plan.

Minimum Vesting Requirements. Except in the case of substitute awards granted in a business combination as described above, awards granted to employees under the 2019 Omnibus Plan will either (i) be subject to a minimum vesting period of one year, or (ii) be granted solely in exchange for foregone cash compensation. Notwithstanding the foregoing, the Committee may (i) permit acceleration of vesting of full-value awards in the event of a participant's termination of service, or (ii) grant awards without the minimum vesting requirements described above with respect to awards covering 10% or fewer of the total number of shares authorized under the 2019 Omnibus Plan.

Treatment of Awards upon a Participant's Termination of Service. Unless otherwise determined by the Committee, if a participant's service terminates by reason of death or disability:

- all of such participant's outstanding options and stock appreciation rights will become fully exercisable;
- the time-based vesting restrictions with respect to the participant's awards will lapse as of the date of termination of service; and
- the payout opportunities attainable under all of that participant's outstanding performance-based awards will be deemed to have been fully earned as of the date of termination based upon (A) an assumed achievement of all relevant performance goals at the "target" level if the date of termination occurs during the first half of the applicable performance period, or (B) the actual level of achievement of all relevant performance goals against target, if the date of termination occurs during the second half of the applicable performance period, and, in either such case, there shall be a pro rata payout to the Participant.

Treatment of Awards upon a Change in Control. Unless otherwise provided in an award agreement or any special plan document governing an award:

(A) in the event of a change of control of the Company in which a successor entity fails to assume and maintain awards under the Prior Plan:

- all of that participant's outstanding options and stock appreciation rights will become fully vested and exercisable, and all time-based vesting restrictions on that participant's outstanding awards will lapse; and
- the target payout opportunities attainable under outstanding performance-based awards will be deemed to have been fully earned as of the change in control based upon (A) an assumed achievement of all relevant performance goals at the "target" level if the change in control occurs during the first half of the applicable performance period, or (B) the actual level of achievement of all relevant performance goals against target measured as of the date of the change in control, if the change in control occurs during the second half of the applicable performance period, and, in either such case, there will be a pro rata payout to the Participant within 60 days following the change in control.

(B) in the event of a change of control of the Company in which a successor entity assumes or otherwise equitably converts awards under the Prior Plan, if during the term of an award and after the effective date of the change of control, a participant's employment is terminated without Cause or the participant resigns for Good Reason (as such terms are defined), then:

- all of that participant's outstanding options and stock appreciation rights will become fully vested and exercisable, and all time-based vesting restrictions on that participant's outstanding awards will lapse; and
- the target payout opportunities attainable under outstanding performance-based awards will be deemed to have been fully earned as of the change in control based upon (A) an assumed achievement of all relevant performance goals at the "target" level if the change in control occurs during the first half of the applicable performance period, or (B) the actual level of achievement of all relevant performance goals against target measured as of the date of the change in control, if the change in control occurs during the second half of the applicable performance period, and, in either such case, there will be a pro rata payout to the Participant within 60 days following the change in control.

In addition, subject to limitations applicable to certain qualified performance-based awards, the Committee

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may, in its discretion accelerate awards upon the termination of service of a participant or the occurrence of a change in control. The Committee may discriminate among participants or among awards in exercising such discretion.

Limitations on Transfer; Beneficiaries. A participant may not assign or transfer an award other than by will or the laws of descent and distribution; provided, however, that the Committee may permit other transfers (other than transfers for value). A participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the participant and to receive any distribution with respect to any award upon the participant's death.

Adjustments. In the event of a transaction between the Company and its stockholders that causes the per-share value of the Company's common stock to change (including, without limitation, any stock dividend, stock split, spin-off, rights offering, or large nonrecurring cash dividend), the share authorization limits under the 2019 Omnibus Plan will be adjusted proportionately, and the Committee must make such adjustments to the 2019 Omnibus Plan and awards as it deems necessary, in its sole discretion, to prevent dilution or enlargement of rights immediately resulting from such transaction. In the event of any corporate event or transaction involving the Company, such as a merger, consolidation, reorganization, recapitalization, stock split, a stock dividend, spin-off, or a combination or exchange of shares, dividend in kind or other like change in capital structure, the Committee may, in its sole discretion, make such other appropriate adjustments to the terms of any outstanding awards to reflect such changes or distributions and to modify any other terms of outstanding awards.

Termination and Amendment. The Board may, at any time and from time to time, terminate or amend the 2019 Omnibus Plan, but if an amendment would constitute a material amendment requiring stockholder approval under applicable listing requirements, laws, policies or regulations, then such amendment will be subject to stockholder approval. No termination or amendment of the 2019 Omnibus Plan may, without the written consent of the participant, reduce or diminish the value of an outstanding award. Unless sooner terminated, the 2019 Omnibus Plan will terminate on the tenth anniversary of its adoption by the Board or, if the stockholders approve an amendment to the 2019 Omnibus Plan that increases the number of shares subject to the 2019 Omnibus Plan, the tenth anniversary of the date of such approval.

The Committee may amend or terminate outstanding awards. However, such amendments may require the consent of the participant and, unless approved by the stockholders, the exercise price of an outstanding option may not be reduced, directly or indirectly, and the original term of an option may not be extended.

Prohibition on Repricing. As indicated above under "Termination and Amendment," outstanding stock options and SARs cannot be repriced, directly or indirectly, without stockholder approval. The exchange of an "underwater" stock option or SAR (i.e., an award having an exercise price in excess of the current market value of the underlying stock) for another award or for a cash payment would be considered an indirect repricing and would, therefore, require stockholder approval.

Clawback Policy. Awards under the 2019 Omnibus Plan will be subject to any compensation recoupment policy (sometimes referred to as a "clawback policy") of the Company as adopted from time to time.

Certain U.S. Federal Income Tax Effects

The U.S. federal income tax discussion set forth below is intended for general information only and does not purport to be a complete analysis of all of the potential tax effects of the 2019 Omnibus Plan. It is based upon

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laws, regulations, rulings and decisions now in effect, all of which are subject to change. State and local income tax consequences are not discussed, and may vary from locality to locality.

Nonstatutory Stock Options. There will be no federal income tax consequences to the optionee or to the Company upon the grant of a nonstatutory stock option under the 2019 Omnibus Plan. When the optionee exercises a nonstatutory option, however, he or she will recognize ordinary income in an amount equal to the excess of the fair market value of the stock received upon exercise of the option at the time of exercise over the exercise price, and the Company will be allowed a corresponding federal income tax deduction. Any gain that the optionee realizes when he or she later sells or disposes of the option shares will be short-term or long-term capital gain, depending on how long the shares were held.

Incentive Stock Options. There will be no federal income tax consequences to the optionee or to the Company upon the grant or exercise of an incentive stock option. If the optionee holds the option shares for the required holding period of at least two years after the date the option was granted and one year after exercise, the difference between the exercise price and the amount realized upon sale or disposition of the option shares will be long-term capital gain or loss, and the Company will not be entitled to a federal income tax deduction. If the optionee disposes of the option shares in a sale, exchange, or other disqualifying disposition before the required holding period ends, he or she will recognize taxable ordinary income in an amount equal to the excess of the fair market value of the option shares at the time of exercise over the exercise price, and the Company will be allowed a federal income tax deduction equal to such amount. While the exercise of an incentive stock option does not result in current taxable income, the excess of the fair market value of the option shares at the time of exercise over the exercise price will be an item of adjustment for purposes of determining the optionee's alternative minimum taxable income.

SARs. A participant receiving a SAR under the 2019 Omnibus Plan will not recognize income, and the Company will not be allowed a tax deduction, at the time the award is granted. When the participant exercises the SAR, the amount of cash and the fair market value of any shares of stock received will be ordinary income to the participant and the Company will be allowed a corresponding federal income tax deduction at that time.

Restricted Stock. Unless a participant makes an election to accelerate recognition of the income to the date of grant as described below, a participant will not recognize income, and the Company will not be allowed a tax deduction, at the time a restricted stock award is granted, provided that the award is nontransferable and is subject to a substantial risk of forfeiture. When the restrictions lapse, the participant will recognize ordinary income equal to the fair market value of the stock as of that date (less any amount he or she paid for the stock), and the Company will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Code Section 162(m). If the participant files an election under Code Section 83(b) within 30 days after the date of grant of the restricted stock, he or she will recognize ordinary income as of the date of grant equal to the fair market value of the stock as of that date (less any amount paid for the stock), and the Company will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Code Section 162(m). Any future appreciation in the stock will be taxable to the participant at capital gains rates. However, if the stock is later forfeited, the participant will not be able to recover the tax previously paid pursuant to the Code Section 83(b) election.

Restricted or Deferred Stock Units. A participant will not recognize income, and the Company will not be allowed a tax deduction, at the time a stock unit award is granted. Upon receipt of shares of stock (or the

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equivalent value in cash) in settlement of a stock unit award, a participant will recognize ordinary income equal to the fair market value of the stock or other property as of that date (less any amount he or she paid for the stock or property), and the Company will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Code Section 162(m).

Cash-Based Awards. A participant will not recognize income, and the Company will not be allowed a tax deduction, at the time a cash-based award is granted (for example, when the performance goals are established). Upon receipt of cash in settlement of the award, a participant will recognize ordinary income equal to the cash received, and the Company will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Code Section 162(m).

Tax Withholding. The Company has the right to deduct or withhold, or require a participant to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes (including employment taxes) required by law to be withheld with respect to any exercise, lapse of restriction or other taxable event arising as a result of the 2019 Omnibus Plan.

Benefits to Named Executive Officers and Others

As of December 31, 2018, no awards had been granted under the 2019 Omnibus Plan. Awards will be made at the discretion of the Committee or pursuant to delegated authority. Therefore, it is not presently possible to determine the benefits or amounts that will be received by such persons or groups pursuant to the 2019 Omnibus Plan in the future.

Vote Required and Board Recommendation

The approval of this proposal to approve the 2019 Omnibus Plan requires the affirmative vote of the holders of a majority of the common stock present in person or represented by proxy, and entitled to vote at the Special Meeting.

The Board recommends a vote “FOR” the proposal to approve the Comstock Holding Companies, Inc. 2019 Omnibus Incentive Plan.

COMPENSATION

Director Compensation

In 2018, we compensated our non-employee directors with an annual retainer fee of \$40,000. Our non-employee directors earned an additional \$6,000 to serve on the Audit Committee and \$4,000 to serve on the Compensation Committee. In addition, the chairman of the Compensation Committee, the chairman of the Audit Committee and the Audit Committee designated financial expert each earned an additional \$4,000 fee. We offered our non-employee directors the option to elect to receive up to 50% of their 2018 director compensation in the form of fully-vested shares of our Class A common stock. Other than pursuant to such election, we did not grant any equity awards to our directors during 2018. Employees who also serve as directors receive no additional compensation for their services as a director.

Name	Fees Earned or	
	Paid in Cash	Total
	(\$)(1)	(\$)
James A. MacCutcheon (2)	50,000	50,000
Socrates Verses (3)(4)	48,000	48,000
David M. Guernsey (3)	47,000	47,000
Robert P. Pincus (2)	46,000	46,000
Norman D. Chirite (3)	44,000	44,000
A. Clayton Perfall (2)(5)(7)	27,000	27,000
Joseph M. Squeri (6)	—	—

(1) Includes annual retainer, chairman and committee participation fees earned in 2018. To compensate our directors for their 2018 services, we made cash payments and/or issued them the equivalent value in shares of our Class A common stock, based on the 20-day average market closing price of the stock, on each quarterly date of election. Messrs. MacCutcheon, Verses, Guernsey, Pincus, Chirite and Perfall elected to receive 50% of the fees earned in the form of cash payments and 50% of their fees earned in the form of fully-vested shares of our Class A common stock, in the following amounts of shares: 11,300, 10,849, 10,622, 10,398, 9,945, and 6,117, respectively.

(2) Messrs. Perfall, MacCutcheon and Pincus served on the Audit Committee.

(3) Messrs. Verses, Chirite and Guernsey served on the Compensation Committee.

(4) Mr. Verses served as the chairman of the Compensation Committee.

(5) Mr. Perfall served as the chairman and the designated financial expert of the Audit Committee through July 2018. Mr. MacCutcheon now has served as the chairman and the designated financial expert of the Audit Committee since July 2018.

(6) Mr. Squeri has served as President of CDS Capital Management, LC, an entity wholly owned by the Company, and as an employee who also serves as a director, did not receive additional compensation for his services as a director in 2018.

(7) Mr. Perfall is no longer on the Board as of July 2018.

Summary Compensation Table

Because the Company qualifies as a “smaller reporting company,” under SEC rules, only our chief executive officer and next two highest paid executive officers who were serving as executive officers at the end of the last completed fiscal year are considered “named executive officers” for purposes of this proxy statement. The following table sets forth the compensation paid to the Company’s named executive officers for the fiscal years ended December 31, 2018 and 2017.

Name and Principal Position	Year	Stock			Total
		Salary	Bonus	Awards	
	(\$)	(\$)(1)	(\$)(2)	(\$)	
Christopher Clemente	2018	400,000	400,000	—	800,000
Chairman of the Board and Chief Executive Officer (CEO)	2017	400,000	—	—	400,000
Jubal R. Thompson	2018	300,000	222,000	—	522,000
General Counsel	2017	300,000	—	191,100	491,100
Christopher M. Guthrie	2018	175,000	150,000	—	325,000
Chief Financial Officer (3)	2017	—	—	—	—

(1) No discretionary cash awards were made by the Board in the fiscal year ended December 31, 2017.

(2) Mr. Thompson was granted 32,500 options in 2017 at an exercise price per share of \$2.14. Mr. Thompson was granted 65,000 shares of restricted stock in 2017. This column reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 (excluding forfeiture estimates) for such grants of options and restricted stock. The methodologies and assumptions utilized in the valuation of these options and restricted stock grants is set forth in Note 13 to our Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

(3) On June 12, 2018 Mr. Conover resigned as Chief Financial Officer of the Company and was replaced by Mr. Guthrie.

Employment Arrangements with Executive Officers

In December 2004, we entered into an employment agreement with Christopher Clemente which had an initial term of five years, with automatic one-year renewals, unless either party notifies the other that the term will not be extended. Under the agreement, Mr. Clemente's minimum annual salary was \$550,000, subject to potential increase by our Board from time to time, and Mr. Clemente is eligible for a cash bonus of not less than 200% of his then-current salary, based upon the satisfaction of financial performance criteria. Mr. Clemente is eligible for awards under our equity incentive plan and any similar executive compensation plans we may adopt from time to time. In 2006, our Board increased the minimum annual salary payable to Mr. Clemente to \$700,000. To assist the Company with meeting its obligations, beginning January 1, 2009, Mr. Clemente volunteered to have his base salary reduced to \$548,000. On January 1, 2015, our Board increased the minimum annual salary payable to Mr. Clemente to \$598,000. To assist the Company with meeting its obligations, beginning December 1, 2015, Mr. Clemente volunteered to have his base salary reduced to \$400,000. Mr. Clemente's compensation is further detailed in the "Summary Compensation Table" above.

Mr. Clemente has agreed not to compete with us during the term of his employment and for two years after the termination of his employment. Mr. Clemente's employment agreement and non-competition agreement allows him to engage in the following permitted business activities: (i) development of commercial or for-rent residential (such as

apartment buildings) real estate investment properties; (ii) development of speculative land holdings as residential lots intended for construction of for-sale residential dwellings, provided, however, that any such development by any entity in which Mr. Clemente has a controlling interest or decision-making power, must first be offered to the Company at a fair market value price; and (iii) secured real estate lending to unrelated third parties. In addition, Mr. Clemente has agreed not to (x) engage in any for-sale residential construction activities in any of our then existing markets or in any market that we then plan to enter within six months; or (y) solicit our employees or certain other third parties for 24 months.

In August 2006, we entered into an employment agreement with Jubal R. Thompson, our General Counsel and Secretary, which agreement had an initial term of three years with automatic one-year renewals unless either party notifies the other that the term will not be extended. Under the agreement, Mr. Thompson's minimum annual salary was originally \$200,000, subject to potential increase by the Board from time to time. Pursuant to the original employment agreement, Mr. Thompson was eligible to receive a cash bonus of not less than 75% of his then-current salary, based upon the satisfaction of certain performance criteria. In 2010, our Board increased the minimum annual salary payable to Mr. Thompson to \$250,000. Mr. Thompson is entitled to receive an annual cash bonus of up to fifty percent (50%) of his minimum annual salary based upon the satisfaction of certain performance criteria, also subject to potential increase by the Board from time to time. Mr. Thompson is also eligible to receive awards under

our equity incentive plan and any similar executive compensation plans we may adopt from time to time. Effective January 1, 2015, our Board increased the minimum annual salary payable to Mr. Thompson to \$300,000. Mr. Thompson's compensation is further detailed in the "Summary Compensation Table" above.

We do not have an employment agreement with Christopher Guthrie, our Chief Financial Officer since June 12, 2018.

OUTSTANDING EQUITY AWARDS AT 2018 FISCAL YEAR END

The following table sets forth the equity awards held by the named executive officers as of December 31, 2018.

Name	Option Awards		Stock Awards		Market value of	
	Number of Securities	Number of Securities	Number of	Number of	shares or units	shares or units
	Underlying Unexercised Options	Underlying Unexercised Options	Option Exercise Price	Option Expiration	shares or units of stock that have not vested	of stock that have not vested
	(#)	(#)	(\$)	Date	(#)	(\$)(4)
Christopher Clemente	3,571	—	7.63	12/11/24	—	—
	2,857 (1)	—	12.67	3/31/22	—	—
	3,000	9,000	2.14	3/6/27	—	—
	—	—	—	—	9,000 (1) (3)	15,120
Jubal R. Thompson	35,714	—	4.97	2/12/20	—	—
	10,714	—	13.23	12/13/23	—	—
	3,571	—	7.63	12/11/24	—	—
	8125	24,375	2.14	3/6/27	—	—
	—	—	—	—	65,000 (3)	81,900
Christopher M. Guthrie	—	—	—	—	—	—

(1)Reflects stock options and awards issued to Tracy Schar, Mr. Clemente's wife, an employee of the Company.

(2)Options vest 25% on March 6 of each of 2018, 2019, 2020 and 2021.

(3)Reflects shares of restricted stock that vest 25% on March 6 of each of 2018, 2019, 2020 and 2021.

(4)Based on the closing price per share of our Class A common stock on December 31, 2018 (\$1.68), the last trading day of the 2018 fiscal year.

POTENTIAL PAYMENTS ON TERMINATION OR CHANGE IN CONTROL

Pursuant to Messrs. Clemente and Thompson's employment agreements, if such executive's employment is terminated by us without cause or if such executive resigns for good reason, as such terms are defined in the agreements, then such executive is entitled to continue to receive his then-current salary for 24 and 12 months, respectively. Messrs. Clemente and Thompson will also be entitled to receive a cash payment equal to a multiple of 100% of the bonus each would have been entitled to had he remained our employee until the end of our fiscal year (Mr. Clemente, 2x; Mr. Thompson, 1x). This cash payment will be due and payable on the earlier of (i) 90 days after our last payment of such executive's then-current salary, or (ii) the end of the fiscal year in which the termination occurs. In the event we terminate such executive without cause or such executive resigns for good reason within the six calendar month period prior to the effective date of a change in control (as defined in the agreement) or within the 12 calendar month period following the effective date of a change in control, the cash payment will be due and payable in full within 30 days of the effective date of the change in control. In addition, Messrs. Clemente and Thompson will be entitled to continue to participate in employee benefit plans, programs and arrangements for a period of 12 months, in the case of Mr. Clemente, or 6 months, in the case of Mr. Thompson, following their termination of employment.

If Mr. Clemente's employment is terminated by reason of death or disability, then he is entitled to receive his then-current salary for 12 months. If Mr. Thompson's employment is terminated by reason of death or disability, then he is entitled to receive his then-current salary for a period of 12 months or 6 months, respectively. The executives will also be entitled to any earned but unpaid bonus with respect to the fiscal year in which his death or disability occurred.

The following table describes the potential payments and benefits to which our current executive officers would be entitled upon the happening of the following events: (i) a termination without cause or resignation for good reason and (ii) death or disability. Calculations for this table are based on the assumption that the triggering event took place on December 31, 2018 and, in an event of a change of control, the Board has not exercised its discretion to accelerate the stock awards.

Name	Termination without	Termination without	
	Cause or Resignation for	Cause or Resignation for	
	Good Reason	Good Reason	
	(in connection with a	(not in connection with	Death or
	Change of Control)	a Change of Control)	Disability
	(\$)	(\$)	(\$)(3)
Christopher Clemente	1,600,000	1,600,000	400,000
Jubal R. Thompson	450,000	450,000	300,000 (1)
Christopher M. Guthrie (2)	—	—	—

(1)Reflects the amount Mr. Thompson's estate would receive in the event of his death. If Mr. Thompson's employment is terminated by reason of disability, then he is entitled to receive his then-current salary for 6 months, which is equal to \$150,000.

(2)Mr. Guthrie does not have an employment or severance agreement with the Company.

(3)The potential payments from Death or Disability calculation does not include any applicable earned but unpaid bonus that would be payable on a pro-rated basis.

OTHER INFORMATION

Beneficial Ownership of Principal Stockholders, Directors and Officers. The following table sets forth certain information regarding the beneficial ownership of our common stock on September 30, 2018, by (1) each director and

named executive officer of the Company, (2) all directors and executive officers of the Company as a group, and (3) each person known by us to own more than 5% of our common stock.

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of our Class A common stock subject to options or warrants held by that person that are currently exercisable or will become exercisable within 60 days after September 30, 2018, are deemed outstanding, while the shares are not deemed outstanding for purposes of computing percentage ownership of any other person. Unless otherwise indicated in the footnotes below, the persons and entities named in the table have sole voting or investment power with respect to all shares beneficially owned, subject to community property laws where applicable.

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Name of Beneficial Owner	Beneficial Ownership of									
	Class A			Class B			Class A and Class B			
	Common Stock (1)			Common Stock			Common Stock Combined			
	Percent of			Percent of			Economic		Voting	
	Number	Class		Number	Class	(%)		(%)(1)		
Named Executive Officers and Directors										
Christopher Clemente (2)	986,394	26.55	%	220,250	100.00	%	30.66	%	61.12	%
Jubal R. Thompson	153,687	4.14	%	—	—		3.91	%	2.19	%
Joseph M. Squeri	165,299	4.45	%	—	—		4.20	%	2.36	%
A. Clayton Perfall	75,354	2.03	%	—	—		1.91	%	1.07	%
James A. MacCutcheon	134,155	3.61	%	—	—		3.41	%	1.91	%

Name of Beneficial Owner	Beneficial Ownership of									
	Class A			Class B			Class A and Class B			
	Common Stock (1)			Common Stock			Common Stock Combined			
	Percent of			Percent of			Economic		Voting	
	Number	Class		Number	Class	(%)		(%)(1)		
All directors and executive officers as a group										
(10 persons)	1,799,392	48.43	%	220,250	100.00	%	51.32	%	72.70	%

* Less than 1% of the outstanding shares of common stock

(1) Does not include shares of our Class A common stock issuable upon conversion of our Class B common stock. Percentage total voting power represents voting power with respect to all shares of our Class A and Class B common stock, as a single class. Each holder of our Class B common stock is entitled to fifteen votes per share of Class B common stock and each holder of our Class A common stock is entitled to one vote per share of Class A common stock on all matters submitted to our stockholders for a vote. The Class A common stock and the Class B common stock vote together as a single class on all matters submitted to a vote of our stockholders, except as may otherwise be provided in our certificate of incorporation or as required by law. The Class B common stock is convertible at any time by the holder into shares of Class A common stock on a share-for-share basis.

(2) Includes the following held by Mr. Clemente's wife, Tracy Schar: 37,841 shares of our Class A common stock including exercisable stock options to purchase 5,857 shares and warrants of 5,000 to purchase shares of our Class A

common stock. 9,904 shares of our Class A common stock and 195,250 shares of our Class B common stock are held by FR54, LLC, an entity that is owned by Mr. Clemente and his wife. 12,852 shares of our Class A common stock are held in various trusts for the benefit Mr. Clemente's children. Mr. Clemente is the custodian for each trust. 124,465 shares of our Class A common stock are held by Stonehenge Funding, LC, an entity wholly owned by Mr. Clemente. 560,235 shares of our Class A common stock are held by Comstock Development Services, LC, an entity wholly owned by Mr. Clemente. The address for Mr. Clemente is the address of the Company.

(3) Includes 285 shares of Class A common stock, with respect to which Mr. Verses disclaims beneficial ownership. The shares are held in trust for the benefit of Mr. Verses' children. Mr. Verses' wife is the custodian of these trusts.

(4) 1,382 shares are held by RLR Investment Management, LLC, an entity that is owned by Mr. Pincus.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information as of December 31, 2018, regarding compensation plans under which the Company's equity securities are authorized for issuance:

Plan Category	Number of Securities	Weighted-Average	Number of Securities
	to Be Issued Upon Exercise of Outstanding Options	Exercise Price of Outstanding Options	Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)(2)	(b)	(c)
Equity Compensation Plans Approved by Stockholders (1)	417,557	\$ 3.42	138,375
Equity Compensation Plans Not Approved by Stockholders (3)	—	—	—
Total	417,557	\$ 3.42	138,375

(1) Includes the Company's current Amended and Restated 2004 Long-Term Incentive Compensation Plan.

(2) Includes shares issuable pursuant to the exercise of stock options, but does not include outstanding shares of restricted stock.

(3) The Company does not have any equity compensation plans that have not been approved by the stockholders.

Annex A: Proposed Certificate of Amendment to the Company's Amended and Restated Certificate of Incorporation

CERTIFICATE OF AMENDMENT

OF

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

COMSTOCK HOLDING COMPANIES, INC.

Comstock Holding Companies, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

1. The name of the corporation is Comstock Holding Companies, Inc. (the "Corporation").

2. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on May 24, 2004 and the Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on December 17, 2004, as amended by that Certificate of Amendment of Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on June 28, 2011, as amended by that Certificate of Amendment of Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on June 22, 2012, as amended by that Certificate of Amendment of Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on June 18, 2015, as amended by that Certificate of Amendment of Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on September 23, 2015 (as amended, the "Amended and Restated Certificate of Incorporation").

3. The Amended and Restated Certificate of Incorporation is amended by deleting the first part of Article IV that appears prior to section (A) of Article IV in its entirety and inserting the following:

"The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is Eighty Million (80,000,000) shares, of which:

Fifty-Nine Million Seven Hundred and Seventy-Nine Thousand Seven Hundred and Fifty (59,779,750) shares, par value \$0.01 per share, shall be shares of Class A common stock (the "Class A Common Stock");

Two Hundred Twenty Thousand Two Hundred and Fifty (220,250) shares, par value \$0.01 per share, shall be shares of Class B common stock (the "Class B Common Stock" and, together with the Class A Common Stock, the "Common Stock"); and

Twenty Million (20,000,000) shares, par value \$0.01 per share, shall be shares of preferred stock (the “Preferred Stock”).”

4. The foregoing Certificate of Amendment of Amended and Restated Certificate of Incorporation has been duly adopted by the Corporation’s Board of Directors and stockholders in accordance with the applicable provisions of Sections 222 and 242 of the General Corporation Law of the State of Delaware.

5. All other provisions of the Amended and Restated Certificate of Incorporation shall remain in full force and effect.

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IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Amended and Restated Certificate of Incorporation to be signed by a duly authorized officer this [] day of February, 2019.

By: _____

Name: Christopher Clemente

Title: Chief Executive Officer

Annex B:

COMSTOCK HOLDING COMPANIES, INC.

2019 Omnibus Incentive Plan

Article 1

BACKGROUND AND PURPOSE

1.1 BACKGROUND. The purpose of the Plan is to promote the success, and enhance the value, of the Company, by linking the personal interests of employees, officers, directors and consultants of the Company or any Affiliate (as defined below) to those of Company stockholders and by providing such persons with an incentive for outstanding performance. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of employees, officers, directors and consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent. Accordingly, the Plan permits the grant of incentive awards from time to time to selected employees, officers, directors and consultants of the Company and its Affiliates.

Article 2

DEFINITIONS

2.1 DEFINITIONS. When a word or phrase appears in this Plan with the initial letter capitalized, and the word or phrase does not commence a sentence, the word or phrase shall generally be given the meaning ascribed to it in this Section or in Section 1.1 unless a clearly different meaning is required by the context. The following words and phrases shall have the following meanings:

- (a) "Affiliate" means (i) any Subsidiary or Parent, or (ii) an entity that directly or through one or more intermediaries controls, is controlled by or is under common control with, the Company, as determined by the Committee.
- (b) "Award" means an award of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Performance Awards, Other Stock-Based Awards, or any other right or interest relating to Stock or cash, granted to a Participant under the Plan.
- (c) "Award Certificate" means a written document, in such form as the Committee prescribes from time to time, setting forth the terms and conditions of an Award. Award Certificates may be in the form of individual award agreements or certificates or a program document describing the terms and provisions of an Award or series of Awards under the Plan. The Committee may provide for the use of electronic, internet or other non-paper Award Certificates, and the use of electronic, internet or other non-paper means for the acceptance thereof and actions thereunder by a Participant.
- (d) "Beneficial Owner" shall have the meaning given such term in Rule 13d-3 of the General Rules and Regulations under the 1934 Act.
- (e) "Board" means the Board of Directors of the Company.
- (f) "Cause" as a reason for a Participant's termination of employment shall have the meaning assigned such term in the employment, severance or similar agreement, if any, between such

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Participant and the Company or an Affiliate, provided, however that if there is no such employment, severance or similar agreement in which such term is defined, and unless otherwise defined in the applicable Award Certificate, "Cause" shall mean (i) the failure by the Participant to perform, in a reasonable manner, his or her duties as assigned by the Company or an Affiliate, (ii) any violation or breach by the Participant of his or her employment, consulting or other similar agreement with the Company or an Affiliate, if any, (iii) any violation or breach by the Participant of any non-competition, non-solicitation, non-disclosure and/or other similar agreement with the Company or an Affiliate, (iv) any act by the Participant of dishonesty or bad faith with respect to the Company (or an Affiliate), (v) use of alcohol, drugs or other similar substances in a manner that adversely affects the Participant's work performance, or (vi) the commission by the Participant of any act, misdemeanor, or crime reflecting unfavorably upon the Participant or the Company or an Affiliate. The good faith determination by the Committee of whether the Participant's Continuous Service was terminated by the Company for "Cause" shall be final and binding for all purposes hereunder.

(g) "Change in Control" means and includes the occurrence of any one of the following events:

- (i) individuals who, on the Effective Date, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of such Board, provided that any person becoming a director after the Effective Date and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to the election or removal of directors ("Election Contest") or other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board ("Proxy Contest"), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director; or
- (ii) any person becomes a Beneficial Owner, directly or indirectly, of either (A) 50% or more of the then-outstanding shares of common stock of the Company ("Company Common Stock") or (B) securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of directors (the "Company Voting Securities"); provided, however, that for purposes of this subsection (ii), the following acquisitions of Company Common Stock or Company Voting Securities shall not constitute a Change in Control: (w) an acquisition directly from the Company, (x) an acquisition by the Company or a Subsidiary of the Company, (y) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary of the Company, or (z) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (iii) below); or
- (iii) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or a Subsidiary (a "Reorganization"), or the sale or other disposition of all or substantially all of the Company's assets (a "Sale") or the acquisition of assets or stock of another corporation (an "Acquisition"),

unless immediately following such Reorganization, Sale or Acquisition: (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Company Common Stock and outstanding Company Voting Securities immediately prior to such Reorganization, Sale or Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Reorganization, Sale or Acquisition (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets or stock either directly or through one or more subsidiaries, the "Surviving Corporation") in substantially the same proportions as their ownership, immediately prior to such Reorganization, Sale or Acquisition, of the outstanding Company Common Stock and the outstanding Company Voting Securities, as the case may be, and (B) no person (other than (x) the Company or any Subsidiary of the Company, (y) the Surviving Corporation or its ultimate parent corporation, or (z) any employee benefit plan (or related trust) sponsored or maintained by any of the foregoing is the beneficial owner, directly or indirectly, of 50% or more of the total common stock or 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Surviving Corporation, and (C) at least a majority of the members of the board of directors of the Surviving Corporation were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Reorganization, Sale or Acquisition (any Reorganization, Sale or Acquisition which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a "Non-Qualifying Transaction"); or (iv) stockholders approve a complete liquidation or dissolution of the Company, other than a Non-Qualifying Transaction.

(h) "Code" means the Internal Revenue Code of 1986, as amended from time to time. For purposes of this Plan, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

(i) "Committee" means the committee of the Board described in Article 4.

(j) "Company" means Comstock Holding Companies, Inc., a Delaware corporation, or any successor corporation.

(k) "Continuous Service" means the absence of any interruption or termination of service as an employee, officer, director or consultant of the Company or any Affiliate, as applicable; provided, however, that for purposes of an Incentive Stock Option "Continuous Service" means the absence of any interruption or termination of service as an employee of the Company or any Parent or Subsidiary, as applicable, pursuant to applicable tax regulations. Unless otherwise defined in the applicable Award Certificate, Continuous Service shall not be considered interrupted in the following cases: (i) a Participant transfers employment between the Company and an Affiliate or between Affiliates, (ii) in the discretion of the Committee as specified at or prior to such occurrence, in the case of a spin-off, sale or disposition of the

Participant's employer from the Company or any Affiliate, (iii) a Participant transfers from being an employee of the Company or an Affiliate to being a director of the Company or of an Affiliat