
OMB APPROVAL

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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 3

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or
Section 30(f) of the Investment Company Act of 1940

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1. Name and Address of Reporting Person*

Avalon Properties, Inc.

(Last) (First) (Middle)

15 River Road

(Street)

Wilton, Connecticut 06897

(City) (State) (Zip)

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2. Date of Event Requiring Statement (Month/Day/Year)

03/09/1998

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3. IRS or Social Security Number of Reporting Person (Voluntary)

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4. Issuer Name and Ticker or Trading Symbol

Bay Apartment Communities, Inc. / BYA

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5. Relationship of Reporting Person to Issuer
(Check all applicable)

[] Director [X] 10% Owner
[] Officer (give title below) [] Other (specify below)

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6. If Amendment, Date of Original (Month/Year)

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7. Individual or Joint/Group Filing (Check applicable line)

[X] Form Filed by One Reporting Person
[] Form Filed by More than One Reporting Person

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Table I -- Non-Derivative Securities Beneficially Owned

<TABLE>
<CAPTION>

1. Title of Security Beneficial Ownership (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect (Instr.5)

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Explanation of Responses:

- (a) Beneficial ownership of the 5,212,000 shares of the Bay Apartment Communities, Inc. ("Bay") Common Stock reported herein (the "Option Shares") is being so reported solely as the result of the option (the "Option") granted pursuant to the Stock Option Agreement described under "Derivative Securities Beneficially Owned." Since such Option has not yet become exercisable, Avalon Properties, Inc. ("Avalon") expressly disclaims beneficial ownership of the Option Shares and this report shall not be deemed an admission that Avalon is the beneficial owner of such securities for purposes of Section 16 or for any other purpose.
- (b) The Option becomes exercisable upon the occurrence of certain events, none of which has occurred as of the date hereof. The Option will expire upon the occurrence of certain events.

The Option is more fully described in the Schedule 13D filed by Avalon on March 18, 1998.

/s/ Thomas J. Sargeant

March 18, 1998

**Signature of Reporting Person

Date _____

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations.

See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed.
If space provided is insufficient. See Instruction 6 for procedure.

Alternatively, this form is permitted to be submitted to the Commission in electronic format at the option of the reporting person pursuant to Rule 101(b)(4) of Regulation S-T.