

REGISTRATION STATEMENT NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

BAY APARTMENT COMMUNITIES, INC.
(Exact name of Registrant as specified in its charter)

Maryland 94-2528309
(State of incorporation) (I.R.S. Employer Identification Number)

4340 STEVENS CREEK BOULEVARD, SUITE 275
SAN JOSE, CALIFORNIA 95129
(408) 983-1500

(Address, including zip code, and telephone number, including area code, of
Registrant's principal executive offices)

GILBERT M. MEYER
CHAIRMAN OF THE BOARD AND PRESIDENT
BAY APARTMENT COMMUNITIES, INC.
4340 STEVENS CREEK BOULEVARD, SUITE 275
SAN JOSE, CALIFORNIA 95129
(408) 983-1500

(Name, address, including zip code, and telephone number, including
area code, of agent for service)

WITH COPIES TO:
DAVID W. WATSON, ESQ.
GOODWIN, PROCTER & HOAR LLP
EXCHANGE PLACE
BOSTON, MASSACHUSETTS 02109-2881
(617) 570-1000

Approximate date of commencement of proposed sale to the public: From time to
time after this Registration Statement becomes effective.

If the only securities being registered on this form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box. / /

If any of the securities being registered on this form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, other than securities offered only in connection with dividend or interest
reinvestment plans, check the following box. /X/

If this form is used to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following box
and list the Securities Act Registration Statement number of the earlier
effective registration statement for the same offering. / /

If this form is a post-effective amendment filed pursuant to Rule 462(c)
under the Securities Act, check the following box and list the Securities Act
Registration Statement number of the earlier effective registration statement
for the same offering. / /

If delivery of the Prospectus is expected to be made pursuant to Rule 434,
please check the following box. / /

<TABLE>

CALCULATION OF REGISTRATION FEE

<CAPTION>

Title of Securities Being	Amount to be	Proposed Maximum Offering	Proposed Maximum Aggregate
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Amount of Registered Registration Fee	Registered	Price Per Unit(1)	Offering Price (1)	

<S>	<C>	<C>	<C>	<C>
Common Stock, \$.01 par value \$8,557	953,122 shares	\$29.625	\$28,236,239	

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<FN>

(1) Based upon the average of the high and low sales prices reported on the New York Stock Exchange on October 30, 1996, and estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) of the Securities Act of 1933, as amended.

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THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

PROSPECTUS

953,122 SHARES

BAY APARTMENT COMMUNITIES, INC.

COMMON STOCK

This Prospectus relates to the offer and sale of (i) up to 298,577 shares (the "Redemption Shares") of common stock, \$.01 par value (the "Common Stock"), of Bay Apartment Communities, Inc. (the "Company"), if and to the extent the Company elects to issue such shares to the holders of units of limited partnership interest (the "Units") in Bay Countrybrook L.P., a Delaware limited partnership (the "Partnership"), the general partner of which is Bay GP, Inc., a Maryland corporation (the "General Partner"), a wholly-owned subsidiary of the Company, and (ii) up to 654,545 shares of Common Stock, which were issued in connection with the corporate reorganization of the Company prior to its initial public offering (the "Original Shares"), which may be sold by the holders thereof (the holders of the Redemption Shares and the Original Shares are collectively referred to herein as the "Selling Stockholders"). Under the terms of the Agreement of Limited Partnership of the Partnership, holders of Units in the Partnership have the right to require the Partnership to redeem their Units for cash, subject to certain conditions. The Company may, however, elect to deliver an equivalent number of shares of Common Stock to the holders of Units in satisfaction of the Partnership's obligation to redeem the Units for cash.

The Company is registering the Redemption Shares and the Original Shares (collectively, the "Shares") pursuant to the Company's obligations under certain registration rights agreements. The registration of the Shares does not necessarily mean that any of the Redemption Shares will be issued by the Company in satisfaction of the Unit holders' redemption rights or that any of the Shares will be offered or sold by the Selling Stockholders. The Company has been advised by each Selling Stockholder who is an executive officer of the Company that, notwithstanding the registration of the Original Shares pursuant to the Registration Statement of which this Prospectus is a part, such Selling Stockholder has no present intention to sell any of the Original Shares, but may determine to do so in the future. See "Plan of Distribution" and "Selling Stockholders."

Each of the Selling Stockholders, directly or through agents, dealers or underwriters, may offer and sell all or a portion of the Shares offered hereby from time to time on terms to be determined at the time of sale. To the extent required by law, the names of any such agent, dealer or underwriter, any applicable commissions or discounts and any other required information with respect to a particular offer will be set forth in an accompanying Prospectus Supplement. See "Plan of Distribution." Each Selling Stockholder reserves the right to accept and, together with such Selling Stockholder's agents, dealers or underwriters, to reject, in whole or in part, any proposed purchase of Shares to be made directly or through agents, dealers or underwriters. The Selling Stockholders and any agents, dealers or underwriters that participate with the Selling Stockholders in the distribution of the Shares may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), in which case any commissions received by them and any profit

on the resale of the Shares purchased by them may be deemed underwriting commissions or discounts under the Securities Act. See "Registration Rights" for indemnification arrangements between the Company and the Selling Stockholders.

The Common Stock is listed on the New York Stock Exchange (the "NYSE") and the Pacific Stock Exchange (the "PSE") under the symbol "BYA." On October 31, 1996, the last reported sales price for the Common Stock on the NYSE was \$30 per share. The Company will not receive any proceeds from the sale of Shares by the Selling Stockholders, but has agreed to bear certain expenses of the registration of such Shares under federal and state securities laws.

SEE "RISK FACTORS" COMMENCING ON PAGE 5 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SHARES OFFERED HEREBY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The date of this Prospectus is November 1, 1996.

AVAILABLE INFORMATION

The Company has filed with the Securities and Exchange Commission (the "SEC" or "Commission") a Registration Statement on Form S-3 under the Securities Act with respect to the Securities (the "Registration Statement"). This Prospectus, which constitutes part of the Registration Statement, omits certain of the information contained in the Registration Statement and the exhibits thereto on file with the Commission pursuant to the Securities Act and the rules and regulations of the Commission thereunder. The Registration Statement, including exhibits thereto, may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the Commission's Regional Offices at 7 World Trade Center, 13th Floor, New York, New York 10048, and Northwestern Atrium Center, 500 W. Madison Street, Suite 1400, Chicago, Illinois 60661-2511, and copies may be obtained at the prescribed rates from the Public Reference Section of the Commission at its principal office in Washington, D.C. In addition, the Company is required to file electronic versions of these documents with the Commission through the Commission's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system, and such electronic versions are available to the public at the Commission's World-Wide Web Site, <http://www.sec.gov>. Statements contained in this Prospectus as to the contents of any contract or other document referred to are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference.

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and proxy statements and other information with the Commission. Such reports, proxy statements and other information can be inspected and copied at the locations described above. Copies of such materials can be reviewed at the Commission's World-Wide Web Site (<http://www.sec.gov>) or obtained by mail from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, at prescribed rates. In addition, the Common Stock is listed on the NYSE and the PSE, and such materials can be inspected and copied at the NYSE at 20 Broad Street, New York, New York 10005 and at the PSE at 301 Pine Street, San Francisco, California 94104.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents previously filed by the Company with the Commission pursuant to the Exchange Act are incorporated by reference in this Prospectus: (i) the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, (ii) the Company's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 1996 and June 30, 1996, (iii) the Company's Current Report on Form 8-K dated May 6, 1996, (iv) the Company's Current Report on Form 8-K, dated May 23, 1996, as amended by the Company's Current Report on Form 8-K/A, dated May 23, 1996, (v) the Company's Current Report on Form 8-K dated July 5, 1996, and (vi) the description of the Company's Common Stock contained in the Company's Registration Statement on Form 8-A dated December 7, 1993.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of all Securities shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the

date of filing of such documents. The Company will provide, without charge, to each person, including any beneficial owner, to whom a copy of this Prospectus is delivered, at the request of such person, a copy of any or all of the documents incorporated herein by reference (other than exhibits thereto, unless such exhibits are specifically incorporated by reference into such documents). Written or oral requests for such copies should be directed to: Chief Financial Officer, Bay Apartment Communities, Inc., 4340 Stevens Creek Blvd., Suite 275, San Jose, California 95129, telephone (408) 983-1500.

2

Any statement contained herein or in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein (or in an applicable Prospectus Supplement) or in any subsequently filed document that is incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed to constitute a part of this Prospectus or any Prospectus Supplement, except as so modified or superseded.

3

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere in this Prospectus. Unless the context otherwise requires, all references in this Prospectus to the "Company" shall also refer to Bay G.P., Inc., a Maryland corporation. This Prospectus, including the information incorporated herein by reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The Company's actual results could differ materially from those projected in the forward-looking statements set forth in this Prospectus including the information incorporated herein by reference. Investors should carefully consider the discussion of risk factors commencing on page 5, in addition to the other information contained in this Prospectus, in connection with an investment in the Shares offered hereby.

THE COMPANY

The Company has engaged in apartment community acquisition, development, construction, reconstruction, marketing, leasing and management since 1978 and is one of the most experienced developers and operators of upscale apartment communities in the San Francisco Bay Area. As a self-administered and self-managed real estate investment trust ("REIT"), the Company owns and manages apartment communities (the "Communities") located in Northern California (principally in the San Francisco Bay Area) and in Orange County, California.

The Company is a fully-integrated real estate organization with in-house development, construction, acquisition, reconstruction, financing, marketing, leasing and management expertise. This in-house expertise has allowed the Company to maintain its reputation for developing and constructing apartment communities on time and on budget. With its experience and in-house capabilities, the Company is well-positioned to continue to take advantage of the strong demand for upscale apartment homes and the development and acquisition opportunities presented by the current economic conditions in Northern California and Orange County. The Company has elected to qualify as a REIT for federal income tax purposes. The Company pays regular quarterly dividends to its shareholders.

The Company was incorporated under the laws of the State of California in 1978 and reincorporated under the laws of the State of Maryland, pursuant to a reincorporation merger, in July, 1995. Its executive offices are located at 4340 Stevens Creek Boulevard, Suite 275, San Jose, California 95129, and its telephone number is (408) 983-1500.

RISK FACTORS

An investment in the Shares involves various risks, and prospective investors should carefully consider the matters discussed under "Risk Factors" prior to any investment in the Company.

SECURITIES TO BE OFFERED

This Prospectus relates to the offer and sale of (i) up to 298,577 Redemption Shares of the Company, if and to the extent the Company elects to issue such shares to the holders of Units in the Partnership, and (ii) up to 654,545 Original Shares, which may be sold by the Selling Stockholders. Under the terms of the Agreement of Limited Partnership of the Partnership, holders of Units in the Partnership have the right to require the Partnership to redeem their Units for cash, subject to certain conditions. The Company may, however, elect to deliver an equivalent number of shares of Common Stock to the holders

of Units in satisfaction of the Partnership's obligation to redeem the Units for cash. The Company is registering the Shares pursuant to the Company's obligations under certain registration rights agreements.

RISK FACTORS

DEVELOPMENT AND ACQUISITION RISKS

The Company intends to continue to pursue the development and construction of apartment home communities in accordance with the Company's development and underwriting policies. Risks associated with the Company's development and construction activities may include: the abandonment of development and acquisition opportunities explored by the Company; construction costs of a community may exceed original estimates due to increased materials, labor or other expenses, which could make completion of the community uneconomical; occupancy rates and rents at a newly completed community are dependent on a number of factors, including market and general economic conditions, and may not be sufficient to make the community profitable; financing may not be available on favorable terms for the development of a community; and construction and lease-up may not be completed on schedule, resulting in increased debt service expense and construction costs. Development activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy, and other required governmental permits and authorizations. The occurrence of any of the events described above could adversely affect the Company's ability to achieve its projected yields on communities under development or reconstruction and could prevent the Company from making expected distributions.

Acquisitions entail risks that investments will fail to perform in accordance with expectations and that judgments with respect to the costs of improvements to bring an acquired community up to standards established for the market position intended for that community will prove inaccurate, as well as general investment risks associated with any new real estate investment. Although the Company undertakes an evaluation of the physical condition of each new community before it is acquired, certain defects or necessary repairs may not be detected until after the community is acquired, which could significantly increase the Company's total acquisition costs.

REAL ESTATE INVESTMENT RISKS

General Risks. Real property investments are subject to varying degrees of risk. The yields available from equity investments in real estate depend on the amount of income generated and expenses incurred. If the Communities do not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, the Company's cash flow and ability to pay distributions to its stockholders will be adversely affected.

An apartment community's revenues and value may be adversely affected by a number of factors, including the national economic climate; the local economic climate (which may be adversely impacted by plant closings, industry slowdowns, military base closings and other factors); local real estate conditions (such as an oversupply of or a reduced demand for apartment homes); the perceptions by prospective residents of the safety, convenience and attractiveness of the community; the ability of the owner to provide adequate management, maintenance and insurance; and increased operating costs (including real estate taxes and utilities). Certain significant expenditures associated with each equity investment (such as mortgage payments, if any, real estate taxes, insurance and maintenance costs) are generally not reduced when circumstances cause a reduction in income from the investment. If a community is mortgaged to secure payment of indebtedness, and if the Company is unable to meet its mortgage payments, a loss could be sustained as a result of foreclosure on the community or the exercise of other remedies by the mortgagee. In addition, real estate values and income from communities are also affected by such factors as the cost of compliance with government regulation, including zoning and tax laws, interest rate levels and the availability of financing.

Operating Risks. Each of the Communities is subject to all operating risks common to apartment communities in general, any and all of which might adversely affect unit occupancy or rental rates. Increases in unemployment and a decline in household formation in the San Francisco Bay Area or in Northern California

or Orange County generally might adversely affect occupancy or rental rates. Increases in operating costs due to inflation and other factors may not be offset by increased rents. Residents may be unable or unwilling to pay rent increases. Rent control or rent stabilization laws or other laws regulating housing are applicable in certain of the cities where the Company owns Communities and may be enacted in the future in other jurisdictions in which one or more Communities are located or in which additional apartment communities may be acquired or developed; if enacted, compliance with these laws may increase

the Company's operating costs. If operating expenses increase, the local rental market may limit the extent to which rents may be increased to meet increased expenses without decreasing occupancy rates. If any of the above occurs, the Company's ability to achieve its projected yields on the Communities and to make distributions to stockholders could be adversely affected.

Market Illiquidity. Equity real estate investments are relatively illiquid. Such illiquidity will tend to limit the ability of the Company to vary its portfolio promptly in response to changes in economic or other conditions. In addition, the Internal Revenue Code of 1986, as amended (the "Code"), limits the Company's ability to sell properties held for fewer than four years, which may affect the Company's ability to sell properties without adversely affecting returns to holders of Common Stock.

Competition. There are numerous housing alternatives that compete with the Communities in attracting residents. The Communities compete directly with other rental apartments and single-family homes that are available for rent in the markets in which the Communities are located. The Communities also compete for residents with the new and existing home market. The number of competitive residential properties in a particular area could have a material effect on the Company's ability to lease apartment homes and on the rents charged. In addition, competitors for acquisitions and development projects may have greater resources than the Company.

Affordable Housing Laws or Restrictions. A number of the Communities are, and additional apartment communities acquired or developed by the Company likely will be in the future, subject to federal, state and local statutes or other restrictions requiring that a percentage of apartment homes be made available to residents satisfying certain income requirements. These laws and restrictions, as well as any changes thereto making it more difficult to meet such requirements, or a reduction in or elimination of certain financing advantages available in some instances to persons satisfying such requirements, could adversely affect the Company's profitability and its development and acquisition projects in the future.

DEPENDENCE ON NORTHERN CALIFORNIA

Although the Company may expand further outside of Northern California and intends to make selective acquisitions in Southern California from time to time in addition to its recently acquired Communities located in the southern portion of Orange County, currently most of the Communities are located in the San Francisco Bay Area where the Company has most of its acquisition, development, construction and marketing expertise. The Company's performance, therefore, is dependent upon economic conditions in these markets. A decline in the economy in these markets may adversely affect the ability of the Company to make expected distributions to stockholders. The Northern California economy has suffered from a recession which began in 1990. National trends, such as a decline in demand for discretionary consumer goods and leisure travel as well as heightened competition in high technology industries, have had an adverse impact upon Northern California. Further reductions in the level of government spending in the defense industry may have an impact upon employment and demand for residential real estate in the Company's markets.

NEW SOUTHERN CALIFORNIA MARKETS

The Company recently acquired certain Communities located in the southern portion of Orange County in Southern California. The Company also intends to make other selective acquisitions in Southern California

from time to time. The Company's historical experience is in Northern California, primarily in the San Francisco Bay Area, and it is possible that the Company's expertise in those markets may not assist it in Southern California. In such event, the Company may be exposed to, among others, risks associated with (i) a lack of market knowledge and understanding of the local economy, (ii) an inability to access land and property acquisition opportunities, (iii) an inability to obtain construction tradespeople, (iv) sudden adverse shifts in supply and demand factors and (v) an unfamiliarity with local governmental procedures.

NATURAL DISASTERS

Many of the Communities are located in the general vicinity of active earthquake faults. In July, 1996, the Company obtained a seismic risk analysis from an engineering firm which estimated the probable maximum loss ("PML") for each of the 27 Communities owned at that time individually and for all of such Communities combined. To establish a PML, the engineers first define a severe earthquake event for the applicable geographic area, which is an earthquake that has only a 10% likelihood of occurring over a 50-year period. The PML is determined as the structural and architectural damage and business interruption loss that has a 10% probability of being exceeded in the event of such an earthquake. Because the Communities are concentrated in the San Francisco Bay Area, the engineers' analysis defined an earthquake on the San Andreas Fault

with a Richter Scale magnitude of 8.0 as a severe earthquake with a 10% probability of occurring within a 50-year period, and established an aggregate PML of \$45.9 million for the 27 Communities, which is a PML level that is expected to be exceeded only 10% of the time in the event of such a severe earthquake. This aggregate PML could be higher as a result of variations in soil classifications and structural vulnerabilities. One Community's individual PML was 30%, while four Communities had PMLs of 25%, and the remaining 22 Communities each had PMLs of 20% or less. However, no assurance can be given that an earthquake would not cause damage or losses greater than the PML assessments indicate, or that future acquisitions or developments will not have PML assessments indicating the possibility of greater damage or losses.

The Company has recently obtained earthquake insurance, both for physical damage and lost revenues, with respect to the Communities. For any single occurrence, the Company self-insures the first \$20 million of loss, and has in place \$25 million of coverage above this amount, with a 20% deductible. In addition, the Company's general liability and property casualty insurance provides coverage for personal liability and fire damage. In the event that an uninsured disaster or a loss in excess of insured limits were to occur, the Company could lose its capital invested in the affected Community, as well as anticipated future revenues from such Community, and would continue to be obligated to repay any mortgage indebtedness or other obligations related to the Community. Any such loss could materially and adversely affect the business of the Company and its financial condition and results of operations.

REAL ESTATE FINANCING RISKS

Risks Relating to the Credit Enhancement. The Company is obligated for certain mortgage indebtedness funded by tax-exempt bonds (the "Bonds") in the aggregate principal amount of approximately \$225 million on 12 Communities (Waterford Apartments, Villa Mariposa, Fairway Glen Apartments, Foxchase Apartments, Barrington Hills, Crossbrook, Rivershore, Canyon Creek, Sea Ridge, City Heights, Countrybrook and Villa Marguerite). Principal and interest payments due to holders of the Bonds (the "Bondholders") are secured by a first deed of trust on the Community associated with the respective Bond issue.

Scheduled principal and interest payments due on the Bonds financing Foxchase, Fairway Glen, Waterford and Villa Mariposa are guaranteed by an insurance policy (the "FGIC Credit Enhancement") issued by the Financial Guaranty Insurance Company ("FGIC"). The FGIC Credit Enhancement will terminate on March 17, 2004 and, if the FGIC Credit Enhancement is not renewed or replaced, the 1994 Bond documents may require balloon payments in 2004 aggregating approximately \$87.4 million, less any unscheduled principal amortization. Scheduled interest and principal payments due on the Bonds financing Barrington Hills,

7

Crossbrook, Rivershore, Canyon Creek and Sea Ridge are supported by a 30-year credit enhancement (the "FNMA Credit Enhancement" and, together with the FGIC Credit Enhancement, the "Credit Enhancements") provided by the Federal National Mortgage Association.

Each of the Credit Enhancements contains certain provisions under which a default of certain payment obligations or covenants would entitle FGIC or FNMA, as the case may be, to declare a default under its respective Credit Enhancement documents and exercise its remedies (including foreclosure) under mortgages that encumber nine of the Bond-financed Communities and eight additional Communities, with a consequent loss of income and asset value to the Company. In addition, gross rents collected from the residents of these 17 Communities have been and will continue to be deposited in cash collateral accounts established with financial institutions acceptable to FGIC or FNMA, as applicable. The Company does not have access to these funds until all required monthly debt service payments due on the Bonds and certain other payments are made. A default under either of the Credit Enhancements or the Bond documents may adversely affect the ability of the Company to make distributions to stockholders, including distributions required to maintain its REIT status.

Bond Compliance Requirements. The Bond-financed Communities are subject to deed restrictions or restrictive covenants relating to tax-exempt bond financing. In addition, the Code and the regulations promulgated thereunder impose various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on qualified bond obligations, including requirements that at least 20% of apartment homes be made available to residents with gross incomes that do not exceed 80% of the median income (50% in the case of the Canyon Creek and Sea Ridge Communities) in the area, measured annually. Some of the Communities financed with Bonds are also subject to a requirement that the rental rates for the 20% of the apartment homes that are subject to the foregoing requirement may not exceed 30% of one-half of the applicable median income. In addition to federal requirements, certain state and local authorities may impose rental restrictions. The Bond compliance requirements and the requirements of any future tax-exempt bond financing utilized by the Company may have the effect of limiting the Company's income from the Bond-financed Communities if the Company is required to lower its rental rates materially to attract residents who

satisfy the median income test. If the required number of apartment homes are not reserved for residents satisfying these income requirements, the tax-exempt status of the Bonds may be terminated, the obligations of the Company under the Bond documents may be accelerated and other contractual remedies against the Company may be available.

Risk of Rising Interest Rates. The Company had variable rate indebtedness aggregating approximately \$61.3 million outstanding as of September 30, 1996 consisting of \$28.5 million of tax-exempt financing and \$32.8 million of borrowings under the Company's \$200 million unsecured line of credit (the "Unsecured Credit Facility"). Additional indebtedness that the Company may incur under the Unsecured Credit Facility will also bear interest at a variable rate. To the extent the Company uses variable rate debt for future financings, and with respect to the portion of the Company's outstanding indebtedness that will bear interest at a variable rate, increases in these interest rates could adversely affect the Company's ability to make distributions to stockholders. Consideration will be given to acquiring interest rate hedging or protection agreements, if appropriate and cost effective, with respect to future variable rate indebtedness to reduce exposure to interest rate increases on such debt.

POTENTIAL ENVIRONMENTAL LIABILITIES

Under various federal, state and local environmental laws, a current or previous owner or operator of real estate may be required (typically regardless of knowledge or responsibility) to investigate and remediate the effects of hazardous or toxic substances or petroleum product releases at such property, and may be held liable to a governmental entity or to third parties for property damage and for investigation and remediation costs incurred by such parties in connection with the contamination, which costs may be substantial. The

8

presence of such substances (or the failure to properly remediate the contamination) may adversely affect the owner's ability to borrow against, sell or rent such property.

Certain federal, state and local laws and regulations govern the removal, encapsulation or disturbance of asbestos-containing materials ("ACMs") when such materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. Such laws may impose liability for release of ACMs and may provide for third parties to seek recovery from owners or operators of real properties for personal injury associated with ACMs. In connection with its ownership and operation of the Communities, the Company potentially may be liable for such costs. The Company is not aware that any ACMs were used in connection with (i) the construction of the Communities developed by the Company, all of which were constructed after 1983, or (ii) the construction of any of the Communities acquired by the Company other than Regatta Bay, Sea Ridge, Village Square, Sunset Towers, Mill Creek, Channing Heights and Martinique Gardens. The Company does not anticipate that it will incur any material liabilities in connection with the presence of ACMs at the Communities. The Company currently has in place or intends to implement an operations and maintenance program for ACMs at the Regatta Bay, Sea Ridge, Village Square, Sunset Towers, Mill Creek, Channing Heights and Martinique Gardens Communities.

All of the Communities have been subjected to a Phase I or similar environmental assessments (which involves general inspections without soil sampling or groundwater analysis and generally without radon testing). These assessments have not revealed any environmental liability that the Company believes would have a material adverse effect on the Company's business, assets or results of operations. However, one Community and one apartment community currently under development are subject to soil and groundwater remediation of contamination from adjacent landowners. In the case of one of the current development communities, the Lawrence Expressway Site, National Semiconductor Corporation is causing remediation to occur and has provided an indemnity which the Company may rely upon for certain environmental liabilities. Additionally, another apartment community currently under development, The Alameda Site, may require underground storage tank removal and other environmental cleanup. Nevertheless, it is possible that the assessments do not reveal all environmental liabilities or there are material environmental liabilities of which the Company is unaware. No assurances can be given that (i) future laws, ordinances or regulations will not impose material environmental liability, or (ii) the current environmental condition of the Communities or the apartment communities currently under development will not be affected by the condition of land or operations in the vicinity of such communities (such as the presence of underground storage tanks), or by third parties unrelated to the Company.

ADVERSE CONSEQUENCES OF FAILURE TO QUALIFY AS A REIT

The Company intends to operate in a manner that will enable it to qualify as a REIT under the Code. Although management of the Company believes that the Company is organized and operates in such a manner, no assurance can be given that the Company qualifies or will remain qualified as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations.

The determination of various factual matters and circumstances not entirely within the Company's control may affect the Company's ability to qualify as a REIT. If the Company fails to qualify as a REIT, it will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. In addition, unless entitled to relief under certain statutory provisions, the Company will be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost. The additional tax would significantly reduce the cash flow available for distribution to stockholders.

DESCRIPTION OF SECURITIES TO BE REGISTERED

The description of the Company's Common Stock set forth below does not purport to be complete and is qualified in its entirety by reference to the Company's Articles of Incorporation and Bylaws, as amended and in effect on the date hereof.

GENERAL

Under the Articles of Incorporation, the Company has authority to issue 40 million shares of Common Stock, par value \$.01 per share. Under Maryland law, stockholders generally are not responsible for the Company's debts or obligations. As of October 31, 1996, the Company had outstanding 18,995,326 shares of Common Stock. The Common Stock is listed on the NYSE and the PSE under the symbol "BYA."

TERMS

Subject to the preferential rights of any other shares or series of stock and to the provisions of the Company's Articles of Incorporation regarding Excess Stock, holders of shares of Common Stock will be entitled to receive dividends on shares of Common Stock if, as and when authorized and declared by the Board of Directors of the Company out of assets legally available therefor and to share ratably in the assets of the Company legally available for distribution to its stockholders in the event of its liquidation, dissolution or winding-up after payment of, or adequate provision for, all known debts and liabilities of the Company.

Subject to the provisions of the Company's Articles of Incorporation regarding Excess Stock, each outstanding share of Common Stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of Directors and, except as otherwise required by law or except as provided with respect to any other class or series of stock, the holders of Common Stock will possess the exclusive voting power. There is no cumulative voting in the election of Directors, which means that the holders of a majority of the outstanding shares of Common Stock can elect all of the Directors then standing for election, and the holders of the remaining shares of Common Stock will not be able to elect any Directors.

Holders of Common Stock have no conversion, sinking fund or redemption rights, or preemptive rights to subscribe for any securities of the Company.

The Company intends to furnish its stockholders with annual reports containing audited consolidated financial statements and an opinion thereon expressed by an independent public accounting firm and quarterly reports for the first three quarters of each fiscal year containing unaudited financial information.

Subject to the provisions of the Company's Articles of Incorporation regarding Excess Stock, all shares of Common Stock will have equal dividend, distribution, liquidation and other rights, and will have no preference, appraisal or exchange rights.

Pursuant to Maryland law, a corporation generally cannot dissolve, amend its Articles of Incorporation, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage is set forth in the Company's Articles of Incorporation. The Company's Articles of Incorporation do not provide for a lesser percentage in such situations.

RESTRICTIONS ON OWNERSHIP

For the Company to qualify as a REIT under the Code, not more than 50% in value of its outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year. To assist the Company in meeting this requirement, the Company may take certain actions to limit the beneficial

ownership, directly or indirectly, by a single person of the Company's outstanding equity securities.

TRANSFER AGENT

The transfer agent and registrar for the Common Stock is American Stock Transfer & Trust Company of New York, New York.

RESTRICTIONS ON TRANSFERS OF CAPITAL STOCK

For the Company to qualify as a REIT under the Code, among other things, not more than 50% in value of its outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (defined in the Code to include certain entities) during the last half of a taxable year, and such capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year (in each case, other than the first such year). To ensure that the Company remains a qualified REIT, the Articles of Incorporation, subject to certain exceptions, provide that no holder may own, or be deemed to own by virtue of the attribution provisions of the Code, more than nine percent (9%) (the "Ownership Limit") of the Company's capital stock. The Board of Directors may waive the Ownership Limit if evidence satisfactory to the Board of Directors and the Company's tax counsel is presented that the changes in ownership will not then or in the future jeopardize the Company's status as a REIT. Any transfer of capital stock or any security convertible into capital stock that would create a direct or indirect ownership of capital stock in excess of the Ownership Limit or that would result in the disqualification of the Company as a REIT, including any transfer that results in the capital stock being owned by fewer than 100 persons or results in the Company being "closely held" within the meaning of Section 856(h) of the Code, shall be null and void, and the intended transferee will acquire no rights to the capital stock. The foregoing restrictions on transferability and ownership will not apply if the Board of Directors determines that it is no longer in the best interests of the Company to attempt to qualify, or to continue to qualify, as a REIT.

Capital stock owned, or deemed to be owned, or transferred to a stockholder in excess of the Ownership Limit will automatically be exchanged for shares of Excess Stock that will be transferred, by operation of law, to the Company as trustee of a trust for the exclusive benefit of the transferees to whom such capital stock may be ultimately transferred without violating the Ownership Limit. While the Excess Stock is held in trust, it will not be entitled to vote, it will not be considered for purposes of any stockholder vote or the determination of a quorum for such vote and, except upon liquidation, it will not be entitled to participate in dividends or other distributions. Any dividend or distribution paid to a proposed transferee of Excess Stock prior to the discovery by the Company that capital stock has been transferred in violation of the provisions of the Company's Articles of Incorporation shall be repaid to the Company upon demand. The Excess Stock is not treasury stock, but rather constitutes a separate class of issued and outstanding stock of the Company. The original transferee-stockholder may, at any time the Excess Stock is held by the Company in trust, transfer the interest in the trust representing the Excess Stock to any individual whose ownership of the capital stock exchanged into such Excess Stock would be permitted under the Ownership Limit, at a price not in excess of the price paid by the original transferee-stockholder for the capital stock that was exchanged in Excess Stock. Immediately upon the transfer to the permitted transferee, the Excess Stock will automatically be exchanged for capital stock of the class from which it was converted. If the foregoing transfer restrictions are determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the intended transferee of any Excess Stock may

11

be deemed, at the option of the Company, to have acted as an agent on behalf of the Company in acquiring the Excess Stock and to hold the Excess Stock on behalf of the Company.

In addition to the foregoing transfer restrictions, the Company will have the right, for a period of 90 days during the time any Excess Stock is held by the Company in trust, to purchase all or any portion of the Excess Stock from the original transferee-stockholder for the lesser of the price paid for the capital stock by the original transferee-stockholder or the market price (as determined in the manner set forth in the Articles of Incorporation) of the capital stock on the date the Company exercises its option to purchase. The 90-day period begins on the date on which the Company receives written notice of the transfer or other event resulting in the exchange of capital stock for Excess Stock.

Each stockholder shall upon demand be required to disclose to the Company in writing any information with respect to the direct, indirect and constructive ownership of beneficial interests as the Board of Directors deems necessary to comply with the provisions of the Code applicable to REITs, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

This ownership limitation may have the effect of precluding acquisition of control of the Company unless the Board of Directors determines that maintenance of REIT status is no longer in the best interests of the Company.

REGISTRATION RIGHTS

The registration of the Shares pursuant to the Registration Statement of which this Prospectus is a part will discharge certain of the Company's obligations under the terms of (i) a Registration Rights Agreement dated as of July 12, 1996, which the Company entered into in connection with the Partnership's acquisition of a multifamily apartment home community from Countrybrook of Berryessa Associates, a California limited partnership, and (ii) a Registration Rights Agreement dated as of March 16, 1994, which the Company entered into in connection with the corporate reorganization of the Company prior to its initial public offering (collectively, the "Registration Rights Agreements").

Pursuant to the Registration Rights Agreements, the Company has agreed to pay all expenses of registering the Shares (other than brokerage and underwriting commissions, taxes of any kind and any legal, accounting and other expenses incurred by a holder thereunder). The Company also has agreed under the Registration Rights Agreements to indemnify each Selling Stockholder and its officers, directors and other affiliated persons and any person who controls any Selling Stockholder against losses, claims, damages and expenses arising under the securities laws in connection with the Registration Statement or this Prospectus, subject to certain limitations. In addition, each Selling Stockholder under the Registration Rights Agreements severally agreed to indemnify the Company and its respective directors, officers and any person who controls the Company against all losses, claims, damages and expenses arising under the securities laws insofar as such loss, claim, damage or expense relates to information furnished to the Company by such Selling Stockholder for use in the Registration Statement or Prospectus or an amendment or supplement thereto or the failure by such Selling Stockholder (through no fault of the Company) to deliver or cause to be delivered this Prospectus or any amendment or supplement thereto to any purchaser of Shares covered by the Registration Statement from such Selling Stockholder.

FEDERAL INCOME TAX CONSIDERATIONS

The Company believes it has operated, and the Company intends to continue to operate, in such a manner as to qualify as a REIT under the Code, but no assurance can be given that it will at all times so qualify.

12

The provisions of the Code pertaining to REITs are highly technical and complex. The following is a brief and general summary of certain provisions that currently govern the federal income tax treatment of the Company and its stockholders. For the particular provisions that govern the federal income tax treatment of the Company and its stockholders, reference is made to Sections 856 through 860 of the Code and the regulations thereunder. The following summary is qualified in its entirety by such reference.

Under the Code, if certain requirements are met in a taxable year, a REIT generally will not be subject to federal income tax with respect to income that it distributes to its stockholders. If the Company fails to qualify during any taxable year as a REIT, unless certain relief provisions are available, it will be subject to tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates, which could have a material adverse effect upon its stockholders.

In any year in which the Company qualifies to be taxed as a REIT, distributions made to its stockholders out of current or accumulated earnings and profits will be taxed to stockholders as ordinary income except that distributions of net capital gains designated by the Company as capital gain dividends will be taxed as long-term capital gain income to the stockholders. To the extent that distributions exceed current or accumulated earnings and profits, they will constitute a return of capital, rather than a dividend or capital gain income, and will reduce the basis for the stockholder's capital stock with respect to the distribution paid or, to the extent that they exceed such basis, will be taxed in the same manner as gain from the sale of such capital stock.

Investors are urged to consult their own tax advisors with respect to the appropriateness of an investment in the Common Stock offered hereby and with respect to the tax consequences arising under federal law and the laws of any state, municipality or other taxing jurisdiction, including tax consequences resulting from such investor's own tax characteristics. In particular, foreign investors should consult their own tax advisors concerning the tax consequences of an investment in the Company, including the possibility of United States income tax withholding on Company distributions.

SELLING STOCKHOLDERS

As used herein, "Selling Stockholders" are those persons listed below who currently hold the Original Shares and those persons listed below who may, at the Company's option, receive Redemption Shares upon the exercise of their rights to require the redemption of their Units.

The following table provides the names of and the number of shares of Common Stock and Units owned by each Selling Stockholder as of November 1, 1996. The Shares offered by this Prospectus may be offered from time to time by the Selling Stockholders. Since the Company is not required to issue Redemption Shares upon the redemption of Units and the Selling Stockholders may sell all, some or none of the Original Shares, the Company can only estimate, by assuming that the Selling Stockholders sell all of the Shares, the number and percentage of shares of Common Stock that each Selling Stockholder will own upon completion of the offering to which this Prospectus relates.

The Company has been advised by each Selling Stockholder who is an executive officer of the Company that, notwithstanding the registration of their Original Shares pursuant to the Registration Statement of which this Prospectus is a part, such Selling Stockholder has no present intention to sell any of the Original Shares, but may in the future determine to do so. Except for Messrs. Meyer, Baker and Newman, the amounts set forth below are based upon a review of a list of stockholders of the Company provided by the Company's transfer agent for the Common Stock. It is possible, however, that those Selling Stockholders beneficially own additional shares of the Company's Common Stock through a broker or other nominee. All of the amounts set forth below are accurate to the Company's knowledge.

13

<TABLE> <CAPTION>					
Shares	Shares of	Original	Units Owned as of	Number of	
Owned	Common Stock	Shares	November 1, 1996 that may be	of Common Stock	
Offering (3)	Owned as of	Offered by	Redeemed for Redemption	After	
Name	November 1, 1996 (1)	This Prospectus	Shares at the Company's Option (2)	Number (1)	
Percent (4)					
----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Gilbert M. Meyer.....	943,113	637,013	0	306,100	
1.6%					
Geoffrey L. Baker.....	44,784	8,784	0	36,000	*
Morton L. Newman.....	19,392	4,392	0	15,000	*
James E. Gunderson.....	4,356	4,356	0	0	0
Richard M. Bennett.....	0	0	762	0	0
James C. & Ruth Ann Benson...	0	0	762	0	0
Norman Berner.....	0	0	762	0	0
Henry A. Blyth.....	0	0	1,525	0	0
Richard P. Boucher.....	0	0	762	0	0
William A. Brennan.....	0	0	1,525	0	0
Majid J. Buyuk, M.D.....	0	0	1,525	0	0
Peter Chickering.....	0	0	762	0	0
Logan Clarke III.....	0	0	1,525	0	0
David & Linda Clements(5)....	0	0	7620	0	0
John F. Cogan, Jr.....	0	0	1,525	0	0
Robert G. Congdon.....	0	0	1,525	0	0
Paul Dobbins.....	0	0	762	0	0
Kevin L. Dolan.....	0	0	762	0	0
James B. Driscoll.....	0	0	1,525	0	0
Thomas R. Elmlblad.....	0	0	762	0	0
Frank B. Falvey.....	0	0	1,525	0	0
Charles D. Ferris.....	0	0	1,525	0	0
George O. Fontaine, Jr.....	0	0	2,287	0	0
Marshall A. Freedman, M.D....	0	0	1,525	0	0
Dwight L. Fullerton.....	0	0	1,525	0	0
Frayda & Aaron Galvin.....	0	0	1,525	0	0
Joseph Giuffrida.....	0	0	1,525	0	0
James J. Glynn.....	0	0	1,525	0	0
Frederic H. Goldstein.....	0	0	762	0	0
Sidney S. Goldstein.....	0	0	1,525	0	0
Michael J. Greata.....	0	0	1,525	0	0
Steven Grossman.....	0	0	1,525	0	0
William J. Jacobs.....	0	0	1,525	0	0
Jacob S. Kamborian.....	0	0	1,525	0	0
Robert F. Kibble.....	0	0	381	0	0
Arthur H. Klein Trust.....	0	0	1,525	0	0
Leo M. Klein.....	0	0	1,525	0	0
Nancy Slater Kupchan-Sonis...	0	0	1,525	0	0
Norman W. Lavoie.....	0	0	1,525	0	0

Leeventure Realty Trust.....	0	0	1,525	0	0
Marie K. Marr.....	0	0	1,525	0	0
Robert L. Marr.....	0	0	1,525	0	0
Jess R. Marzak.....	0	0	381	0	0
William J. McGrail, Jr.....	0	0	3,050	0	0
John F. & Ellen C. Miller....	0	0	3,050	0	0
Edward B. Murphy, Jr., M.D...	0	0	1,525	0	0
Newbury Realty Company.....	0	0	1,525	0	0
Peter A. Pizzarello, M.D.....	0	0	762	0	0
Martin H. Reiss I Trust.....	0	0	762	0	0
Rhea E. Reiss I Trust.....	0	0	762	0	0
Reynolds Revocable Trust.....	0	0	1,525	0	0
RFG Associates.....	0	0	1,525	0	0
Norman H. Ruecker.....	0	0	762	0	0
Albert J. Sandler.....	0	0	1,525	0	0
Raymond B. Shlora.....	0	0	1,525	0	0
Carl S. Sloane.....	0	0	1,525	0	0
Stanley J. Stutz, M.D.....	0	0	762	0	0
Roger A. Swanson.....	0	0	762	0	0
J.F. White Contracting Company	0	0	6,099	0	0
Thomas S. Zocco.....	0	0	1,525	0	0

</TABLE>

14

<TABLE>					
<CAPTION>					
<S>	<C>	<C>	<C>	<C>	<C>
Donald H. Tishman.....	0	0	74,736	0	0
Dr. Thomas Shelton Powers....	0	0	74,736	0	0
Donald H. Tishman and Dr. Powers, jointly, pending direction from both parties.....	0	0	69,815	0	0
	=====	=====	=====	=====	=====

TOTAL.....	1,011,645	654,545	298,577	357,100
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1.9%

<FN>
* Less than 1%

- (1) Includes options to purchase Common Stock that are exercisable within 60 days of November 1, 1996.
- (2) All Units listed in this column can be redeemed on a one-for-one basis for shares of the Company's Common Stock under certain conditions. Upon such redemption, all such Redemption Shares may be offered for sale hereby.
- (3) Assumes that all Original Shares and all Redemption Shares are sold by the Selling Stockholders.
- (4) Options to purchase Common Stock that are exercisable within 60 days of November 1, 1996 are deemed outstanding for computing the ownership of each Selling Stockholder as a percentage of the total number of shares outstanding, but are not deemed outstanding for computing the percentage of any other person or group. Percentage of ownership is based on 18,995,326 shares of Common Stock outstanding on October 31, 1996.
- (5) These Selling Stockholders own the Units as joint tenants with rights of survivorship.

</TABLE>

The relationships of certain of the Selling Stockholders to the Company are as follows:

NAME ----	RELATIONSHIP -----
Gilbert M. Meyer	Chairman of the Board of Directors, President and Chief Executive Officer of the Company
Geoffrey L. Baker	Director and Chief Development and Acquisitions Officer of the Company
Morton L. Newman	Vice President--Construction of the Company
James E. Gunderson	Former Vice President--Chief Financial Officer of the Company

With the exception of Messrs. Meyer, Baker, Newman and Gunderson, all of the Selling Stockholders are holders of Units of the Partnership. The General Partner of the Partnership is a wholly-owned subsidiary of the Company.

USE OF PROCEEDS

The Company will not receive any of the proceeds of the sale, if any, of the Shares offered hereby.

PLAN OF DISTRIBUTION

This Prospectus relates to the offer and sale from time to time of the Shares by the Selling Stockholders. The Company has registered the Shares for sale pursuant to its obligations under the Registration Rights Agreements, but registration of such Shares does not necessarily mean that all of the Redemption Shares will be issued by the Company or that any of the Shares will be offered or sold by the Selling Stockholders.

The Shares offered hereby may be sold from time to time on the NYSE or the PSE on terms to be determined at the time of such sales. The Selling Stockholders may also make private sales directly or through a broker or brokers. Alternatively, the Selling Stockholders may from time to time offer Shares to or through

15

underwriters, dealers or agents, who may receive consideration in the form of discounts and commissions; such compensation, which may be in excess of ordinary brokerage commissions, may be paid by the Selling Stockholders and/or the purchasers of the Shares offered hereby for whom such underwriters, dealers or agents may act. The Selling Stockholders and any dealers or agents that participate in the distribution of the Shares offered hereby may be deemed to be "underwriters" as defined in the Securities Act, and any profit on the sale of such Shares offered hereby by them and any discounts, commissions or concessions received by any such dealers or agents might be deemed to be underwriting discounts and commissions under the Securities Act. The aggregate proceeds to the Selling Stockholders from sales of the Shares offered by the Selling Stockholders hereby will be the purchase price of such Shares less brokers' commissions.

To the extent required, the specific Shares to be sold, the names of the Selling Stockholders, the respective purchase prices and public offering prices, the names of any such agent, dealer or underwriter, and any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying Prospectus Supplement

The Shares offered hereby may be sold from time to time in one or more transactions at a fixed offering price, which may be changed, or at varying prices determined at the time of sale or at negotiated prices.

In order to comply with the securities laws of certain states, if applicable, the Shares offered hereby will be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states Shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the Common Stock offered hereby may not simultaneously engage in market making activities with respect to the Common Stock for a period of two business days prior to the commencement of such distribution. In addition, and without limiting the foregoing, the Selling Stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including, without limitation, Rules 10b-2, 10b-6 and 10b-7, which may limit the timing of purchases and sales by the Selling Stockholders.

The Company will pay substantially all of the expenses incurred by the Selling Stockholders and the Company incident to the offering and sale of the Shares to the public, but excluding any underwriting discounts, fees, commissions or transfer taxes.

The Company has agreed to indemnify the Selling Stockholders against certain liabilities, including liabilities under the Securities Act. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company, the Company has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

LEGAL MATTERS

Certain legal matters, including the legality of the Shares and certain tax matters, will be passed upon for the Company by Goodwin, Procter & Hoar LLP, Boston, Massachusetts.

EXPERTS

The financial statements and schedule thereto incorporated by reference in this Prospectus or elsewhere in the Registration Statement, to the extent and

for the periods indicated in their report have been audited by

16

Coopers & Lybrand L.L.P., independent accountants, and are incorporated herein in reliance upon the authority of said firm as experts in giving said reports.

17

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No dealer, salesperson or other individual has been authorized to give any information or make any representations not contained in this Prospectus. If given or made, such information or representations must not be relied upon as having been authorized by the Company or any other person. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Shares offered hereby to any person or by anyone in any jurisdiction in which it is unlawful to make such offer or solicitation. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof.

953,122 Shares

Bay Apartment Communities, Inc.

TABLE OF CONTENTS

	PAGE	

Available Information	2	COMMON STOCK
Incorporation of Certain Documents by Reference	2	
Prospectus Summary	4	-----
Risk Factors	5	PROSPECTUS
Description of Securities to be Registered	10	-----
Restrictions on Transfers of Capital Stock	11	
Registration Rights	12	
Federal Income Tax Considerations	12	
Selling Stockholders	13	
Use of Proceeds	15	
Plan of Distribution	15	
Legal Matters	16	NOVEMBER 1, 1996
Experts	16	

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PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.
<TABLE>

The expenses in connection with the issuance and distribution of the securities being registered are set forth in the following table (all amounts except the registration fee and NASD fee are estimated):

<CAPTION>

<S>	<C>
Registration fee	\$ 8,557
NYSE/PSE fees	
Legal fees and expenses	10,000
Blue Sky expenses	2,000
Miscellaneous	
TOTAL	\$ =====

</TABLE>

All expenses in connection with the issuance and distribution of the securities being offered will be borne by the Company.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Company's Articles of Incorporation and Bylaws, each as amended, provide certain limitations on the liability of the Company's directors and officers for monetary damages to the Company. The Articles of Incorporation and Bylaws obligate the Company to indemnify its directors and officers, and permit the Company to indemnify its employees and other agents, against certain liabilities incurred in connection with their service in such capacities. The Company has entered into indemnification agreements with certain of its executive officers and members of the Board of Directors who are not officers of the Company, pursuant to which the Company has agreed to indemnify them against certain liabilities incurred in connection with their service as executive officers and/or directors. These provisions and contracts could reduce the legal remedies available to the Company and its stockholders against these individuals.

ITEM 16. EXHIBITS.

Exhibit No.	Description
-	-----

5.1*	Opinion of Goodwin, Procter & Hoar LLP regarding the legality of the securities being registered.
8.1*	Opinion of Goodwin, Procter & Hoar LLP as to certain tax matters.
23.1*	Consent of Coopers & Lybrand L.L.P., Independent Accountants.
23.2*	Consent of Goodwin, Procter & Hoar LLP (included in Exhibit 5.1 hereto).
24.1	Powers of Attorney (included in Part II of this registration statement).
99.1	Agreement of Limited Partnership of Bay Countrybrook L.P. (Incorporated by reference to Exhibit 10.5 to Form 8-K/A of the Company dated May 23, 1996).
99.2	Registration Rights Agreement dated July 12, 1996, by and among the Company, the General Partner and certain Holders, as defined therein.
99.3	Registration Rights Agreement dated March 16, 1994, by and among the Company and certain Holders, as defined therein. (Incorporated by reference to Exhibit 10.2 to Form 10-Q of the Company dated May 13, 1994).

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* To be filed by amendment.

II-1

ITEM 17. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in "Calculation

of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) herein do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the undersigned registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

- (b) The registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person

II-2

of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

II-3 SIGNATURES

Pursuant to the requirements of the Securities Act, Bay Apartment Communities, Inc. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Jose, California, on this 31st day of October, 1996.

BAY APARTMENT COMMUNITIES, INC.

By: /s/ Gilbert M. Meyer

Gilbert M. Meyer
President

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of Bay Apartment Communities, Inc. hereby severally constitute Gilbert M. Meyer and Max L. Gardner, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Registration Statement filed herewith and any and all amendments to said Registration Statement, and

generally to do all such things in our names and in our capacities as officers and directors to enable Bay Apartment Communities, Inc. to comply with the provisions of the Securities Act and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Registration Statement and any and all amendments thereto.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature -----	Capacity -----	Date ----
/s/ Gilbert M. Meyer ----- GILBERT M. MEYER	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	October 29, 1996
/s/ Max L. Gardner ----- MAX L. GARDNER	Chief Operating Officer and Director	October 29, 1996
/s/ Geoffrey L. Baker ----- GEOFFREY L. BAKER	Chief Development and Acquisitions Officer and Director	October 29, 1996
/s/ Bruce A. Choate ----- BRUCE A. CHOATE	Director	October 29, 1996
/s/ Brenda J. Mixson ----- BRENDA J. MIXSON	Director	October 29, 1996
/s/ Thomas H. Nielsen ----- THOMAS H. NIELSEN	Director	October 29, 1996
/s/ John J. Healy, Jr. ----- JOHN J. HEALY, JR.	Director	October 29, 1996
/s/ Jeffrey B. Van Horn ----- JEFFREY B. VAN HORN	Chief Financial Officer (Principal Financial and Accounting Officer)	October 31, 1996

II-4

EXHIBIT INDEX

Exhibit No. -----	Description -----
5.1*	Opinion of Goodwin, Procter & Hoar LLP as to the legality of the Securities being registered.
8.1*	Opinion of Goodwin, Procter & Hoar LLP as to certain tax matters.
23.1*	Consent of Coopers & Lybrand L.L.P., Independent Accountants.
23.2*	Consent of Goodwin, Procter & Hoar LLP (included in Exhibit 5.1 hereto).
24.1	Powers of Attorney (included in Part II of this registration statement).
99.1	Agreement of Limited Partnership of Bay Countrybrook L.P. (Incorporated by reference to Exhibit 10.5 to Form 8-K/A of the Company dated May 23, 1996).
99.2	Registration Rights Agreement dated July 12, 1996, by and among the Company, the General Partner and certain Holders, as defined therein.

99.3 Registration Rights Agreement dated March 16, 1994, by
 and among the Company and certain Holders, as defined
 therein. (Incorporated by reference to Exhibit 10.2 to
 Form 10-Q of the Company dated May 13, 1994).

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* To be filed by amendment.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is executed as of July 12, 1996 by Bay Apartment Communities, Inc., a Maryland corporation (the "Company") and the persons listed on APPENDIX A (which persons are defined in Section 15 hereof) (each a "Holder" and collectively, the "Holders"). Unless otherwise defined, all capitalized terms used herein shall have the meanings ascribed to such terms in the Agreement of Limited Partnership of Bay Countrybrook, L.P. (the "Limited Partnership Agreement"), dated July 12, 1996, by and between the Holders, the Company and Bay GP, Inc., a Maryland corporation (the "General Partner").

WHEREAS, the Holders are to receive or own units of limited partnership interests ("Limited Partnership Units") in Bay Countrybrook L.P., a Delaware limited partnership (the "Partnership") which may be exchanged for shares of the Company's common stock, \$.01 par value ("Common Stock"), issued without registration under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to the terms of the Limited Partnership Agreement.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein and in the Limited Partnership Agreement, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bay and each Holder hereby agree as follows:

1. (a) SHELF REGISTRATION. Within forty-five (45) days following the first date with respect to which a Holder receives Registrable Shares following an exchange of Limited Partnership Units pursuant to the terms of Section 8.5.B of the Limited Partnership Agreement, the Company shall file a registration statement (a "Shelf Registration Statement") under Rule 415 under the Securities Act relating to the sale by such Holders of their Registrable Shares in accordance with the terms hereof. As used in this Agreement, the term "Registrable Shares" means shares of Common Stock to be issued or issued to the Holders in exchange for their Limited Partnership Units pursuant to the terms of the Limited Partnership Agreement, excluding (A) Common Stock for which a Registration Statement relating to the sale thereof shall have become effective under the Securities Act and which have been disposed of under such Registration Statement or (B) Common Stock sold by the Holder pursuant to Rule 144 under the Securities Act. The Company shall use its best efforts to cause such Shelf Registration Statement to be declared effective by the Securities and Exchange Commission (the "SEC") as soon as practicable for the total number of Registrable Shares that the Company could be requested to register if all of the Limited Partnership Units were exchanged for the Company's Common Stock. The Company agrees to use its best efforts to keep the Shelf Registration Statement continuously effective until the earliest of (a) following such time as all Limited Partnership Units have been exchanged into Registrable Shares or have been redeemed for cash pursuant to Article 8.5.A of Limited Partnership Agreement, one year after the date on which all outstanding Registrable Shares may at such time be sold by the Holders pursuant to Rule 144 promulgated under the Securities Act or (b) April 1, 2003. The

Company shall not be required to file and effect more than one Shelf Registration Statement pursuant to this Section 1(a). If the Company fails for any reason to file a Shelf Registration Statement pursuant to this Section 1(a) or if a Shelf Registration Statement or Issuance Registration Statement (as defined below) is not effective and current within forty-five (45) days following the date in which any Holder receives Registrable Shares from the Company following an exchange of Limited Partnership Units (pursuant to the terms of Section 8.5.B of the Limited Partnership Agreement), the Company shall, upon such Holder's request, redeem such Holder's Registrable Shares for the Cash Amount in the manner and with the consequences described in Section 8.5.A of the Limited Partnership Agreement.

(b) REGISTRATION STATEMENT COVERING ISSUANCE OF COMMON STOCK. In lieu of the registration rights set forth in Section 1(a) above, the Company may, in its sole discretion, prior to the first date upon which the Limited Partnership Units issued pursuant to the Limited Partnership Agreement held by the Holders may be exchanged for shares of Common Stock (or such other date as may be required under applicable provisions of the Securities Act) file a registration statement (the "Issuance Registration Statement") under Rule 415 under the Securities Act relating to the issuance to Holders of shares of Common Stock in exchange for such Limited Partnership Units. Thereupon, the Company shall use reasonable efforts to cause such Issuance Registration Statement to be declared effective by the SEC for all shares of Common Stock covered thereby. The Company agrees to use its best efforts to keep the Issuance Registration Statement continuously effective until April 1, 2003. Any Shelf Registration Statement or Issuance Registration Statement are sometimes referred to as a "Registration Statement."

(c) CASH OPTION IN LIEU OF REGISTRATION RIGHTS. In lieu of the registration rights set forth in Section 1(a) and 1(b) above, the Company may elect to satisfy any Exchange Right (including any call by Bay pursuant to Section 8.6 of the Limited Partnership Agreement) by electing the Cash Option pursuant to Section 8.5.A of the Limited Partnership Agreement and making payment pursuant to such option in the manner and with the consequences described in Section 8.5.A of the Limited Partnership Agreement within forty-five (45) days of the date of the Specified Exchange Date with respect to the exercise of any Exchange Right.

2

2. Registration Procedures.

(a) The Company shall notify each Holder of the effectiveness of the Registration Statement and shall furnish to each Holder such number of copies of the Registration Statement (including any amendments, supplements and exhibits), the prospectus contained therein (including each preliminary prospectus), any documents incorporated by reference in the Registration Statement and such other documents as the Holder may reasonably request in order to facilitate its sale of the Registrable Shares in the manner described in the Registration Statement.

(b) The Company shall prepare and file with the SEC from time to time such amendments and supplements to the Registration Statement and prospectus used in connection therewith as may be necessary to keep the Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all the Registrable Shares until the earlier of (i) such time as all of the Registrable Shares have been disposed of in accordance with the intended methods of disposition by the Holders as set forth in the Registration Statement or (ii) the date on which the Registration Statement ceases to be effective in accordance with the terms of Sections 1(a) or (b). Upon twenty (20) business days' notice, the Company shall file any supplement or post-effective amendment to the Registration Statement with respect to such Holder's interests in or plan of distribution of Registrable Shares that is reasonably necessary to permit the sale of the Holder's Registrable Shares pursuant to the Registration Statement and the Company shall file any necessary listing applications or amendments to the existing applications to cause the shares to be then listed or quoted on the primary exchange or quotation system on which the Common Stock is then listed or quoted.

(c) The Company shall promptly notify each Holder of, and confirm in writing, any request by the SEC for amendments or supplements to the Registration Statement or the prospectus related thereto or for additional information. In addition, the Company shall promptly notify each Holder of, and confirm in writing, the filing of the Registration Statement, any prospectus supplement related thereto or any post-effective amendment to the Registration Statement and the effectiveness of any post-effective amendment.

(d) The Company shall immediately notify each Holder, at any time when a prospectus relating to the Registration Statement is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. In such event and subject to paragraph 7 of this Agreement, the Company shall promptly prepare and furnish to each Holder with a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of Registrable Shares, such prospectus shall not include an untrue statement of a

3

material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

3. STATE SECURITIES LAWS. Subject to the conditions set forth in this Agreement, the Company shall, promptly upon the filing of a Registration Statement including Registrable Shares, file such documents as may be necessary to register or qualify the Registrable Shares under the securities or "Blue Sky" laws of such states as any Holder of Registrable Shares may reasonably request, and the Company shall use its best efforts to cause such filings to become effective; PROVIDED, HOWEVER, that the Company shall not be obligated to qualify as a foreign corporation to do business under the laws of any such state in which it is not then qualified or to file any general consent to service of process in any such state. The Company shall promptly notify each Holder of, and confirm in writing, the receipt by the Company of any notification with respect

to the suspension of the qualification of the Registrable Shares for sale under the securities or "Blue Sky" laws of any jurisdiction or the initiation or threat of any proceeding for such purpose.

4. EXPENSES. The Company shall bear all expenses incurred in connection with the registration of the Registrable Shares pursuant to Sections 1(a) or (b) of this Agreement. Such expenses shall include, without limitation, all printing, legal and accounting expenses incurred by the Company and all registration and filing fees imposed by the SEC, any state securities commission or the New York Stock Exchange or, if the Common Stock is not then listed on the New York Stock Exchange, the principal national securities exchange or national market system on which the Common Stock is then traded or quoted; PROVIDED, HOWEVER, that Holders of Registrable Shares shall be responsible for any brokerage or underwriting commissions and taxes of any kind (including, without limitation, transfer taxes) with respect to any disposition, sale or transfer of Registrable Shares and for any legal, accounting and other expenses incurred by them.

5. INDEMNIFICATION BY THE COMPANY. The Company agrees to indemnify each of the Holders and their respective officers, directors, employees, agents, representatives and affiliates, and each person or entity, if any, that controls a Holder within the meaning of the Securities Act, and each other person or entity, if any, subject to liability because of his, her or its connection with a Holder, and any underwriter and any person who controls the underwriter within the meaning of the Securities Act (an "Indemnitee") against any and all losses, claims, damages, actions, liabilities, costs and expenses (including without limitation reasonable attorneys' fees, expenses and disbursements documented in writing), joint or several, arising out of or based upon any untrue or alleged untrue statement of material fact contained in the Registration Statement or any prospectus contained therein, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except insofar as and to the extent that such statement or omission arose out of or was based upon information regarding the Indemnitee or its plan of distribution which was furnished to the Company by the Indemnitee for use therein, provided, further that the

4

Company shall not be liable to any person who participates as an underwriter in the offering or sale of Registrable Shares or any other person, if any, who controls such underwriter within the meaning of the Securities Act, in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with information furnished to the Company for use in connection with the Registration Statement or the prospectus contained therein by such Indemnitee or (ii) such Indemnitee's failure to send or give a copy of the final prospectus furnished to it by the Company at or prior to the time such action is required by the Securities Act to the person claiming an untrue statement or alleged untrue statement or omission or alleged omission if such statement or omission was corrected in such final prospectus.

6. COVENANTS OF HOLDERS. Each of the Holders hereby agrees (a) to cooperate with the Company and to furnish to the Company all such information in connection with the preparation of the Registration Statement and any filings with any state securities commissions as the Company may reasonably request, (b) to deliver or cause delivery of the prospectus contained in the Registration Statement to any purchaser of the shares covered by the Registration Statement from the Holder, (c) to notify the Company of any sale of Registrable Securities by such Holder, and (d) to indemnify the Company, its officers, directors, employees, agents, representatives and affiliates, and each person, if any, who controls the Company within the meaning of the Securities Act, and each other person, if any, subject to liability because of his connection with the Company, against any and all losses, claims, damages, actions, liabilities, costs and expenses arising out of or based upon (i) any untrue statement or alleged untrue statement of material fact contained in either the Registration Statement or the prospectus contained therein, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, if and to the extent that such statement or omission arose out of or was based upon written information regarding the Holder or its plan of distribution which was furnished to the Company by the Holder expressly for use therein, or (ii) the failure by the Holder to deliver or cause to be delivered the prospectus contained in the Registration Statement (as amended or supplemented, if applicable) furnished by the Company to the Holder to any purchaser of the shares covered by the Registration Statement from the Holder. Notwithstanding the foregoing, (i) in no event will a Holder have any obligation under this Section 6 for amounts the Company pays in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld) and

(ii) the total amount for which a Holder shall be liable under this Section 6 shall not in any event exceed the aggregate proceeds received by him, her or it from the sale of the Holder's Registrable Shares in such registration.

5

7. Suspension of Registration Requirement.

(a) The Company shall promptly notify each Holder of, and confirm in writing, the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose. The Company shall use its best reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of the Registration Statement at the earliest possible moment.

(b) Notwithstanding anything to the contrary set forth in this Agreement, the Company's obligation under this Agreement to use its best efforts to cause the Registration Statement and any filings with any state securities commission to be made or to become effective or to amend or supplement the Registration Statement shall be suspended in the event and during such period pending negotiations relating to, or consummation of, a transaction or the occurrence of an event that would require additional disclosure of material information by the Company in the Registration Statement or such filing, as to which the Company has a bona fide business purpose for preserving confidentiality or which renders the Company unable to comply with SEC requirements (such circumstances being hereinafter referred to as a "Suspension Event") that would make it impractical or unadvisable to cause the Registration Statement or such filings to be made or to become effective or to amend or supplement the Registration Statement, but such suspension shall continue only for so long as such event or its effect is continuing but in no event will that suspension exceed 60 days. The Company agrees not to exercise the rights set forth in this Section 7(b) more than twice in any twelve month period. The Company shall notify the Holder of the existence of any Suspension Event.

(c) Each Holder whose Registrable Shares are covered by a Registration Statement filed pursuant to Sections 1(a) or (b) hereof agrees, if requested by the Company in the case of a nonunderwritten offering (a "Nonunderwritten Offering") or if requested by the managing underwriter or underwriters in an underwritten offering (an "Underwritten Offering," collectively with Nonunderwritten Offering, the "Offering"), not to effect any public sale or distribution of any of the securities of the Company of any class included in such Offering, including a sale pursuant to Rule 144 or Rule 144A under the Securities Act (except as part of such Underwritten Offering), during the 15-day period prior to, and during the 90-day period beginning on, the date of pricing of each Offering, to the extent timely notified in writing by the Company or the managing underwriters; provided, however, the provisions of this Section 7(c) shall not apply to the extent that the limitations of this Section 7(c) do not apply to each of the directors and to each of the officers of Bay.

8. BLACK-OUT PERIOD. Following the effectiveness of the Registration Statement and the filings with any state securities commissions, the Holders agree that they will not effect any sales of the Registrable Shares pursuant to the Registration Statement or any such filings at any time after they have received notice from the Company to suspend sales as a result of the occurrence or existence of any Suspension Event, during any Offering or so that the Company may correct or update the Registration Statement or such filing pursuant to Section 2(c) or 2(d). The Holder may recommence effecting sales of the Registrable Shares

6

pursuant to the Registration Statement or such filings following further notice to such effect from the Company, which notice shall be given by the Company as soon as practicable but in no event later than five (5) days after the conclusion of any such Suspension Event or Offering.

9. ADDITIONAL SHARES. The Company, at its option, may register, under any registration statement and any filings with any state securities commissions filed pursuant to this Agreement, any number of unissued shares of Common Stock or any shares of Common Stock owned by any other shareholder or shareholders of the Company.

10. CONTRIBUTION. If the indemnification provided for in Sections 5 and 6 is unavailable to an indemnified party with respect to any losses, claims, damages, actions, liabilities, costs or expenses referred to therein or is insufficient to hold the indemnified party harmless as contemplated therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, actions, liabilities, costs or expenses in such proportion as is appropriate to reflect the relative fault of the

Company, on the one hand, and the Holder, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, actions, liabilities, costs or expenses as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of the Holder, on the other hand, shall be determined by reference to, among other factors, whether the untrue or alleged untrue statement of a material fact or omission to state a material fact relates to information supplied by the Company or in writing by the Holder and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; PROVIDED, HOWEVER, that in no event shall the obligation of any indemnifying party to contribute under this Section 10 exceed the amount that such indemnifying party would have been obligated to pay by way of indemnification if the indemnification provided for under Sections 5 or 6 hereof had been available under the circumstances.

The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 10 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph.

No indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any indemnifying party who was not guilty of such fraudulent misrepresentation.

11. NO OTHER OBLIGATION TO REGISTER. Except as otherwise expressly provided in this Agreement, the Company shall have no obligation to the Holders to register the Registrable Shares or any of the outstanding Limited Partnership Units under the Securities Act.

7

12. AMENDMENTS AND WAIVERS. The provisions of this Agreement may not be amended, modified or supplemented without the prior written consent of the Company and Holders holding in excess of fifty percent (50%) in interest of the sum of the Limited Partnership Units and the Registrable Shares outstanding.

13. NOTICES. Except as set forth below, all notices and other communications provided for or permitted hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or sent by telex, registered or certified mail (return receipt requested), postage prepaid or courier or overnight delivery service to the Company at the following address and to the Holder at the address set forth on his, her or its signature page to this Agreement (or at such other address for any party as shall be specified by like notice, provided that notices of a change of address shall be effective only upon receipt thereof), and further provided that in case of directions to amend the Registration Statement pursuant to Section 2(b) or Section 6, a Holder must confirm such notice in writing by overnight express delivery with confirmation of receipt:

If to the Company: Bay Apartment Communities, Inc.
4340 Stevens Creek Blvd., Suite 275
San Jose, CA 95219
Attn: Geoffrey L. Baker
Fax: (408) 984-7060

With a copy to: Goodwin, Procter & Hoar LLP
Exchange Place
Boston, MA 02109
Attn: Gilbert G. Menna, P.C.
Fax: (617) 523-1231

In addition to the manner of notice permitted above, notices given pursuant to Sections 1, 7 and 8 hereof may be effected telephonically and confirmed in writing thereafter in the manner described above.

14. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. This Agreement may not be assigned by any Holder and any attempted assignment hereof by any Holder will be void and of no effect and shall terminate all obligations of the Company hereunder with respect to such Holder, PROVIDED, HOWEVER, that any assignment by the Initial Limited Partners to a Holder (as defined below) shall not constitute an "assignment" pursuant to this Section 14.

15. DEFINITION OF "HOLDERS" OR A "HOLDER". "Holders" or a "Holder" under this Registration Rights Agreement shall include (i) any Limited Partner, (ii) any Substituted Limited Partner, (iii) any Qualified Assignee and (iv) any Family Members who receive Limited Partnership Units pursuant to the terms of Section 11.3 of the Limited Partnership Agreement. APPENDIX A to this Agreement shall list the Holders and shall be amended from

8

time to time by the General Partner in accordance with the terms of this Agreement and the Limited Partnership Agreement to reflect any additional Holders.

16. COUNTERPARTS. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

17. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland applicable to contracts made and to be performed wholly within said State.

18. SEVERABILITY. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

19. ENTIRE AGREEMENT. This Agreement is intended by the parties as a final expression of their agreement and intended to be the complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to such subject matter. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

9

IN WITNESS WHEREOF, this Registration Rights Agreement is executed as of the date first written above.

BAY APARTMENT COMMUNITIES, INC.

Name:
Title:

10

APPENDIX A

Registration Rights Agreement

Thomas S. Zocco
17 Old Colony Drive
Shrewsbury, MA 01545

Frank B. Falvey
Falvey Steel Castings
P.O. Box 261
Braintree, MA 02185

Frayda & Aaron Galvin
130 Mt. Auburn St. #105
Cambridge, MA 02138

Nancy Slater Kupchan-Sonis
293 Goddard Avenue
Brookline, MA 02146

James B. Driscoll
87 Indian Spring Road
Milton, MA 02186

Albert J. Sandler
2 Commonwealth Ave. #15A
Boston, MA 02116

Joseph Giuffrida
22 Crestwood Road
Marblehead, MA 01945

John F. Cogan, Jr.
60 State Street, 25th Floor
Boston, MA 02109

Leo M. Klein
4319 Bocaire Blvd.
Boca Raton, FL 33487

Edward B. Murphy Jr., M.D.
230 Mt. Vernon Street
West Newton, MA 02165-2519

Arthur H. Klein Trust
Arthur H. Klein, Trustee
4595 Bocaire Blvd.

Henry A. Blyth
100 S. Collier #808
Marco Island, FL 33737

Boca Raton, FL 33487

Leeventure Realty Trust
c/o Arthur Klein
4595 Bocaire Blvd.
Boca Raton, FL 33487

RFG Associates
Frank M. Resnek, Esq.
57 Wells Avenue
Newton, MA 02159

Roger A. Swanson
6 Thomas Jefferson Drive
Warren, NJ 07060

John F. & Ellen C. Miller
J.T.W.R.O.S.
P.O. Box 24022
San Francisco, CA 94214

Mark K. Marr
19 Father Carney Dr.
Milton, MA 02186

Carl S. Sloane
Sargent Road
Marblehead, MA 01945

11

Robert L. Marr
Marr Scaffolding Company
One D. Street
S. Boston, MA 02127

David and Linda Clements, JTWROS
Arthur Anderson & Co.
333 W. San Carlos St., #1500
San Jose, CA 95110-2728

Majid J. I. Buyuk, M.D.
540 North Woodstock Road
Southbridge, MA 01550

Peter Chickering
P.O. Box 181
Suncook, NH 03275

Logan Clarke, III
11 Wolfe Hill Road
East Sandwich, MA 02563

Marshall A. Freedman, M.D.
265 South Elm St.
Denver, CO 80222

Dwight L. Fullerton
975 South High Street
Columbus, OH 43206

Jacob S. Kamborian
International Shoe Machine Co.
Simon & Ledge Street
Nashua, NH 03060

J.F. White Contracting Company
Philip Bonanno
One Gateway Center
Newton, MA 02158

Martin H. Reiss I/Trust
c/o GRK & B
306 Main Street
Worcester, MA 01615-0034

Richard M. Bennett
Brown & Brown, CPAS
90 Canal Street, 4th Floor
Boston, MA 02114-2002

Rhea E. Reiss I/Trust
c/o GRK & B
306 Main Street
Worcester, MA 01615-0034

Reynolds Revocable Trust
J.M. Reynolds, Esq., c/o N.A. Mgt
10 Post Office Square, Suite 300
Boston, MA 02109

Robert F. Kibble, Paragon Partners
Building Two, Suite 190
3000 Sand Hill Road
Menlo Park, CA 94025

Norman H. Ruecker
37 Mahogany Drive
San Rafael, CA 94903

Trustee/George O. Fontaine, Jr.
Bank of New England West. N.A.
Acct. No. 3-22490-54
P.O. Box 9003
Springfield, MA 01101

Norman Berner
Millbern Associates, Inc.
2 Mack Road
Woburn, MA 01801

Dr. Peter A. Pizzarello
868 Admiral Street
Providence, RI 02904

12

Dr. Stanley J. Stutz
868 Admiral Street
Providence, RI 02904

James J. Glynn
203 Melbury Road
Babylon, NY 11702-3309

William J. Jacobs
115 Central Park West
New York, NY 10023

Raymond B. Shlora
One Woodside Lande
Rye, NY 10580

Thomas R. Elmlblad
250 S. Peak Road
Boulder, CO 80302

Donald H. Tishman
261 Hyde Park Estates
Santa Fe, New Mexico 87501

Dr. Thomas Shelton Powers

c/o David R. Owens
Owens & Cain
1111 Civic Drive, Suite 215
Walnut Creek, CA 94596