

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

-----  
FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
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Date of Report (Date of earliest event reported): OCTOBER 31, 1997

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

MARYLAND (State or other jurisdiction of incorporation)	1-12672 (Commission file number)	77-0404318 (IRS employer identification no.)
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4340 STEVENS CREEK BOULEVARD, SUITE 275, SAN JOSE, CA 95129  
(Address of principal executive offices) (Zip Code)

(408) 983-1500  
(Registrant's telephone number, including area code)

ITEM 5. OTHER EVENTS.

This Current Report on Form 8-K of Bay Apartment Communities, Inc. (the "Company") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements contained herein are statements that involve risks and uncertainties, including, but not limited to, the demand for apartment homes, the effects of economic conditions, the impact of competition and competitive pricing, changes in construction costs, the results of financing efforts, potential acquisitions under agreement, the effects of the Company's accounting policies and other risks detailed in the Company's filings with the Securities and Exchange Commission (the "Commission").

PROPERTY ACQUISITION

Creekside. On October 31, 1997, the Company acquired a 294 apartment home community located in Mountain View, California. This community was purchased from Del Charro Properties, L.P. for approximately \$29 million. The Company has planned a repositioning program at this community, which will include construction upgrades to exterior walls, patio decks and fencing, and the repainting of the building exteriors and apartment home interiors. Other aspects of the repositioning program will include apartment home upgrades, including the addition of washers and dryers, dishwashers and air conditioning. In addition, the Company intends to rebuild the leasing center, expand parking areas and upgrade the community's landscaping.

Following this acquisition, the Company's portfolio consists of 48 communities containing 12,822 apartment homes (including apartment homes delivered at Toscana, a partially developed community) and six land sites on which it is building, or plans to commence building in the future, six communities, which will contain an aggregate of approximately 1,698 apartment homes (including the remaining apartment homes under construction at Toscana). Except as noted below, substantially all of the purchase price for the acquisition of Creekside was funded by drawing on the Company's \$350 million unsecured acquisition and construction line of credit from Union Bank of Switzerland and other participating banks (the "Unsecured Credit Facility"). The Unsecured Credit Facility bears interest at the London Interbank Offered Rate (based on a maturity selected by the Company) plus 0.90% per annum and matures in May 2000. Neither the Company, any subsidiary of the Company nor any director or officer of the Company was affiliated with or had a material relationship with the seller of the acquired property described below.

PROPOSED ACQUISITIONS

The following are proposed acquisition communities. The Company

anticipates that these proposed acquisitions will be funded by drawing on the Unsecured Credit Facility and working capital. Because the purchases of the proposed acquisition communities are still pending, there can be no assurance that the Company will consummate the acquisition of any or all of the proposed acquisition communities or, if acquired, that they will be purchased on

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the terms currently contemplated. Neither the Company, any subsidiary of the Company nor any director or officer of the Company is affiliated with or has a material relationship with the seller of the proposed acquisition properties described below.

Governor's Square Acquisition Community. On October 10, 1997, the Company agreed to purchase a 302 apartment home community located in Sacramento, California from GSW Associates, Ltd. & GSE Associates, Ltd. The purchase price for this community is anticipated to be approximately \$24.8 million, which includes approximately \$14.4 million of assumed indebtedness. This acquisition is expected to close in December 1997.

Warner Oaks Acquisition Community. On October 15, 1997, the Company agreed to purchase a 227 apartment home community located in Woodland Hills, California from De Anza Properties XII. The purchase price for this community is anticipated to be approximately \$20 million. This acquisition is expected to close in January 1998.

Viewpointe Acquisition Community. On November 18, 1997, the Company agreed to purchase a 663 apartment home community located in Woodland Hills, California from CIIF Associates Limited Partnership. The purchase price for this community is anticipated to be approximately \$64.8 million. This acquisition is expected to close in December 1997.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

- (a) Financial Statements under Rule 3-14 of Regulation S-X
  - (b) Pro Forma Financial Statements
  - (c) Exhibits
- 23.1 Consent of Coopers & Lybrand L.L.P., Independent Accountants.

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SIGNATURES

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

BAY APARTMENT COMMUNITIES, INC.

Dated: December 11, 1997 By: /s/ Jeffrey B. Van Horn  
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Name: Jeffrey B. Van Horn  
Title: Vice President, Chief Financial Officer  
and Secretary

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors  
Bay Apartment Communities, Inc.:

We have audited the accompanying Historical Summary of Revenues and Direct Operating Expenses (the Historical Summary) of Creekside Apartments, Mountain View, California (the Property) for the year ended December 31, 1996. The Historical Summary is the responsibility of the Property's owner. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the basis of accounting used and significant estimates made by management, as well

as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with rules and regulations of the Securities and Exchange Commission, as described in Note A, and is not intended to be a complete presentation of the Property's revenues and expenses and may not be comparable to results from proposed future operations of the Property.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the revenues and direct operating expenses, described in Note A, of Creekside Apartments, Mountain View, California, for the year ended December 31, 1996, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

San Francisco, California  
October 20, 1997

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CREEKSIDE APARTMENTS  
HISTORICAL SUMMARY OF REVENUES AND  
DIRECT OPERATING EXPENSES  
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<TABLE>  
<CAPTION>

	Year Ended December 31, 1996
	-----
<S>	<C>
Revenues:	
Rental income	\$2,893,492
Other	182,425
	-----
	3,075,917
	-----
Direct operating expenses:	
On-site management	319,674
Real property tax	57,481
Utilities	217,841
Repairs and maintenance	475,778
Other	27,037
	-----
	1,097,811
	-----
Revenue in excess of direct operating expenses	\$1,978,106
	=====

</TABLE>

The accompanying note is an integral part of this Historical Summary.

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CREEKSIDE APARTMENTS  
NOTE TO HISTORICAL SUMMARY OF REVENUES  
AND DIRECT OPERATING EXPENSES  
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A. Property and Basis of Accounting:

The accompanying Historical Summary of Revenues and Direct Operating Expenses has been prepared in accordance with Rule 3-14 of Regulation S-X of the Securities and Exchange Commission and relates to the operations of Creekside Apartments, located in Mountain View, California with 294 apartment homes.

In accordance with Rule 3-14, direct operating expenses are presented exclusive of depreciation, interest, management fees, and income taxes.

Rental income attributable to residential leases is recorded when due from tenants.

Board of Directors  
 Bay Apartment Communities, Inc.:

We have audited the accompanying Historical Summary of Revenues and Direct Operating Expenses (the Historical Summary) of Viewpointe Apartments, Woodland Hills, California (the Property) for the year ended December 31, 1996. The Historical Summary is the responsibility of the Property's owner. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the basis of accounting used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with rules and regulations of the Securities and Exchange Commission, as described in Note A, and is not intended to be a complete presentation of the Property's revenues and expenses and may not be comparable to results from proposed future operations of the Property.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the revenues and direct operating expenses, described in Note A, of Viewpointe Apartments, Woodland Hills, California, for the year ended December 31, 1996, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

San Francisco, California  
 November 14, 1997

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 VIEWPOINTE APARTMENTS  
 HISTORICAL SUMMARY OF REVENUES AND  
 DIRECT OPERATING EXPENSES  
 -----

<TABLE>  
 <CAPTION>

	Year Ended December 31, 1996
	-----
<S>	<C>
Revenues:	
Rental income	\$5,687,477
Other	139,051
	-----
	5,826,528
	-----
Direct operating expenses:	
On-site management	873,341
Real property tax	270,655
Utilities	415,848
Repairs and maintenance	740,683
Other	158,418
	-----
	2,458,945
	-----
Revenue in excess of direct operating expenses	\$3,367,583
	=====

</TABLE>

The accompanying note is an integral part of this Historical Summary.

AND DIRECT OPERATING EXPENSES

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A. Property and Basis of Accounting:

The accompanying Historical Summary of Revenues and Direct Operating Expenses has been prepared in accordance with Rule 3-14 of Regulation S-X of the Securities and Exchange Commission and relates to the operations of Viewpointe Apartments, located in Woodland Hills, California with 663 apartment homes.

In accordance with Rule 3-14, direct operating expenses are presented exclusive of depreciation, interest, management fees, and income taxes.

Rental income attributable to residential leases is recorded when due from tenants.

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors  
Bay Apartment Communities, Inc.:

We have audited the accompanying Historical Summary of Revenues and Direct Operating Expenses (the Historical Summary) of Warner Oaks Apartments, Woodland Hills, California (the Property) for the year ended December 31, 1996. The Historical Summary is the responsibility of the Property's owner. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the basis of accounting used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with rules and regulations of the Securities and Exchange Commission, as described in Note A, and is not intended to be a complete presentation of the Property's revenues and expenses and may not be comparable to results from proposed future operations of the Property.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the revenues and direct operating expenses, described in Note A, of Warner Oaks Apartments, Woodland Hills, California, for the year ended December 31, 1996, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

San Francisco, California  
November 14, 1997

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WARNER OAKS APARTMENTS  
HISTORICAL SUMMARY OF REVENUES AND  
DIRECT OPERATING EXPENSES

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<TABLE>  
<CAPTION>

	Year Ended December 31, 1996
	-----
<S>	<C>
Revenues:	
Rental income	\$2,232,016
Other	51,979
	-----
	2,283,995
	-----

Direct operating expenses:

On-site management	285,819
Real property tax	154,501
Utilities	178,795
Repairs and maintenance	242,247
Other	62,648
	-----
	924,010
	-----
Revenue in excess of direct operating expenses	\$1,359,985
	=====

</TABLE>

The accompanying note is an integral part of this Historical Summary.

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WARNER OAKS APARTMENTS  
NOTE TO HISTORICAL SUMMARY OF REVENUES  
AND DIRECT OPERATING EXPENSES  
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A. Property and Basis of Accounting:

The accompanying Historical Summary of Revenues and Direct Operating Expenses has been prepared in accordance with Rule 3-14 of Regulation S-X of the Securities and Exchange Commission and relates to the operations of Warner Oaks Apartments, located in Woodland Hills, California with 227 apartment homes.

In accordance with Rule 3-14, direct operating expenses are presented exclusive of depreciation, interest, management fees, and income taxes.

Rental income attributable to residential leases is recorded when due from tenants.

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors  
Bay Apartment Communities, Inc.:

We have audited the accompanying Historical Summary of Revenues and Direct Operating Expenses (the Historical Summary) of Governor's Square East and West Apartments, Sacramento, California (the Property) for the year ended December 31, 1996. The Historical Summary is the responsibility of the Property's owner. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the basis of accounting used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with rules and regulations of the Securities and Exchange Commission, as described in Note A, and is not intended to be a complete presentation of the Property's revenues and expenses and may not be comparable to results from proposed future operations of the Property.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the revenues and direct operating expenses, described in Note A, of Governor's Square East and West Apartments, Sacramento, California, for the year ended December 31, 1996, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P

San Francisco, California  
November 5, 1997

GOVERNOR'S SQUARE EAST AND WEST APARTMENTS  
HISTORICAL SUMMARY OF REVENUES AND  
DIRECT OPERATING EXPENSES  
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<TABLE>  
<CAPTION>

	Year Ended December 31, 1996
	-----
<S>	<C>
Revenues:	
Rental income	\$2,564,505
Other	30,199
	-----
	2,594,704
	-----
Direct operating expenses:	
On-site management	300,374
Real property tax	189,402
Utilities	257,696
Repairs and maintenance	129,646
Other	25,438
	-----
	902,556
	-----
Revenue in excess of direct operating expenses	\$1,692,148
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</TABLE>

The accompanying note is an integral  
part of this Historical Summary.

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GOVERNOR'S SQUARE EAST AND WEST APARTMENTS  
NOTE TO HISTORICAL SUMMARY OF REVENUES  
AND DIRECT OPERATING EXPENSES  
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A. Property and Basis of Accounting:

The accompanying Historical Summary of Revenues and Direct Operating Expenses has been prepared in accordance with Rule 3-14 of Regulation S-X of the Securities and Exchange Commission and relates to the operations of Governor's Square East and West Apartments, located in Sacramento, California with 302 apartment homes.

In accordance with Rule 3-14, direct operating expenses are presented exclusive of depreciation, interest, management fees, and income taxes.

Rental income attributable to residential leases is recorded when due from tenants.

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BAY APARTMENT COMMUNITIES, INC.  
PRO FORMA CONSOLIDATED BALANCE SHEET  
DECEMBER 31, 1996  
(In thousands, except share and per share data)  
(Unaudited)

<TABLE>  
<CAPTION>

	Historical -----	Acquisition Communities -----	Pro Forma -----
	<C>	<C>	<C>
<S>			
Assets:			
Real estate assets:			
Land	\$ 152,277	\$ 30,181 A	\$ 182,458
Buildings and improvements	511,583	101,395 A	612,978
Furniture, fixtures & equipment	35,542	7,044 A	42,586
	-----	-----	-----
	699,402	138,620	838,022
Less: accumulated depreciation	(52,554)	0	(52,554)

Operating real estate assets	646,848	138,620	785,468
Construction in progress	50,945	0	50,945
Net real estate assets	697,793	138,620	836,413
Cash & cash equivalents	920	0	920
Restricted cash	960	0	960
Other assets, net	12,236	0	12,236
Total Assets	\$ 711,909	\$138,620	\$ 850,529
Liabilities and Shareholders' Equity:			
Liabilities:			
Notes payable	\$ 273,688	99,163 B	\$ 372,851
Accounts payable and accrued expenses	5,450	0	5,450
Dividends payable	8,939	0	8,939
Other liabilities	4,553	0	4,553
Total Liabilities	292,630	99,163	391,793
Minority interest	7,002	0	7,002
Shareholders' Equity:			
Preferred stock	27	0	27
Common stock	190	10 C	200
Paid in capital	435,723	39,447 C	475,170
Dividends in excess of accumulated earnings	(23,663)	0	(23,663)
Total Shareholders Equity	412,277	39,457	451,734
Total Liabilities and Shareholders' Equity	\$ 711,909	\$138,620	\$ 850,529

</TABLE>

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BAY APARTMENT COMMUNITIES, INC.  
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996  
(In thousands, except share and per share data)  
(Unaudited)

<TABLE>

<CAPTION>

	Historical	Acquisition Communities	Pro Forma
<S>	<C>	<C>	<C>
Revenue:			
Rental	\$ 80,377	\$ 13,377 D	\$ 93,754
Other	2,216	404 D	2,620
Total revenue	82,593	13,781	96,374
Expenses:			
Property operating	18,924	4,438 E	23,362
Property taxes	6,353	672 E	7,025
General and administrative	3,895	274 E	4,169
Interest and financing	14,276	6,925 F	21,201
Depreciation and amortization	18,689	4,386 G	23,075
Total expenses	62,137	16,695	78,832
Income before minority interest and extraordinary item	20,456	(2,914)	17,542
Minority interest	(319)	--	(319)
Income before extraordinary item	20,137	(2,914)	17,223
Extraordinary item	(511)	--	(511)
Net income	19,626	(2,914)	16,712
Preferred dividend requirement	(4,264)	--	(4,264)
Earnings available to common shares	\$ 15,362	\$ (2,914)	\$ 12,448
Weighted average shares outstanding	15,126,242	1,026,187 H	16,152,429

Per share

\$ 1.02

\$ 0.77

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</TABLE>

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1. Basis of Presentation:

The pro forma financial statements of Bay Apartment Communities, Inc. (the "Company"), which are unaudited, have been prepared based on the historical financial statements of the Company. The pro forma consolidated balance sheet has been prepared as if the acquisition of one apartment community October 31, 1997 and the probable acquisition of three additional apartment communities during the period of December 1997 through January 1998 (the "Acquisition Communities"), had occurred on December 31, 1996. The pro forma consolidated statement of operations for the twelve months ended December 31, 1996, has been prepared as if the above mentioned events had occurred on January 1, 1996. In management's opinion, all adjustments necessary to reflect the effects of these transactions have been made. The pro forma financial statements should be read in conjunction with the historical financial statements of the Company.

2. PRO FORMA ADJUSTMENTS:

A - Additional real estate assets are attributable to the Acquisition Communities which consist of the following acquisitions (000's):

<TABLE>	<C>
<S>	
Creekside, Mountain View, CA *	\$ 28,970
Warner Oaks, Woodland Hills, CA	\$ 20,020
Viewpointe, Woodland Hills, CA	\$ 64,840
Governors Square, Sacramento, CA	\$ 24,790
	-----
	\$138,620
	=====

</TABLE>

\* Community acquired October 31, 1997

B - Increase in notes payable is attributable to cash used to acquire the Acquisition Communities which was drawn from the Credit Facility, the assumption of an existing \$14.436 million mortgage note payable on Governors Square, and reduced by the proceeds of the Offering of additional shares of common stock.

C - Increase in common stock and paid in capital is attributable to the Offering of 1,026,187 additional shares of \$.01 par value common stock at a purchase price of \$39.125 per share less transaction costs of \$692,992.

D - Additional rental and other revenue is attributable to the Acquisition Communities.

E - Additional property operating expense, property tax expense, and general and administrative expense are attributable to the Acquisition Communities.

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F - Additional interest and financing expense is attributable to the interest incurred on funds obtained from the Credit Facility, and the assumed loan.

G - Depreciation expense attributable to the Acquisition Communities has been computed using the straight-line method over 30 years for buildings and 7 years for furniture, fixtures and equipment.

H - Additional weighted average shares outstanding attributable to the Offering of 1,026,187 additional shares of common stock on December 12, 1997.

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CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Bay Apartment Communities, Inc. on Form S-8 (File No. 333-16809), Form S-8 (File No. 333-16837), Form S-3 (File No. 333-16647), Form S-3 (File No. 333-15407), Form S-3 (File No. 333-39037), and Form S-3 (File No. 333-41511) of our report dated October 20, 1997, on our audit of the Historical Summary of Revenues and Direct Operating Expenses of Creekside Apartments for the year ended December 31, 1996, of our report dated November 14, 1997, on our audit of the Historical Summary of Revenues and Direct Operating Expenses of Warner Oaks Apartments for the year ended December 31, 1996, of our report dated November 14, 1997, on our audit of the Historical Summary of Revenues and Direct Operating Expenses of Viewpointe Apartments for the year ended December 31, 1996, and of our report dated November 5, 1997, on our audit of the Historical Summary of Revenues and Direct Operating Expenses of Governor's Square East and West Apartments for the year ended December 31, 1996, which reports are included in this Current Report on Form 8-K.

COOPERS & LYBRAND L.L.P.

San Francisco, California  
December 10, 1997