Understanding the effects of housing development restrictions faces two challenges: that zoning restrictions are varied and hard to measure, and that restrictions are endogenous to local conditions. In this paper I exploit plausibly exogenous variation across China induced by the requirement that every residential building has to receive two hours of sunshine a day in winter to study the effect of development restrictions on urban density. I present evidence of a robust first stage - that the policy is followed quite well in practice with notable heterogeneity in compliance. I find that lifting development restrictions leads to higher densities of residents and business establishments and higher land prices. Lifting the restrictions is especially beneficial when complemented with a high-density local road network and mixed land use.