PS9$_{S}chmidt$

akeaneschmidt1998

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1 Introduction

Following the example from the lecture notes, estimate a LASSO model to predict log median house value, where the penalty parameter is tuned by 6-fold cross validation.

Optimal value of = 0.002592944

In-sample RMSE= 0.1392827

Out-of-sample RMSE= 0.1820611

Estimate a ridge regression model where again the penalty parameter is tuned by 6-fold CV.

Optimal value of = 0.09236709

Out-of-sample RMSE= 0.1726775