**Question 1**

What is the optimal value of alpha for ridge and lasso regression? What will be the changes in the model if you choose double the value of alpha for both ridge and lasso? What will be the most important predictor variables after the change is implemented?

# Answer:

The regularization model is built by removing the multi-collinearity features from the data set.

Different models are built like taking all the features post removal for multicollinearity, using RFE and selecting different numbers of feature selection. On all the models the model A (build taking all the features) comes out be the best one both for Ridge and Lasso

1. The optimal value **alpha** for **Ridge regression** is **2**
2. The optimal value **alpha** for **LASSO regression** is **100**

**When we double the alpha values as derived above** –

1. For Ridge regularization

|  |  |  |  |
| --- | --- | --- | --- |
| RIDGE | Train r2 score | Test r2 score | predictor variables |
| alpha -2 | 0.9483 | 0.8926 | GrLivArea OverallQual TotalBsmtSF Neighborhood\_StoneBr LotArea YearBuilt |
| double alpha -4 | 0.9437 | 0.8946 | GrLivArea  OverallQual TotalBsmt Neighborhood\_StoneBr  LotArea GarageArea |

No such significant difference has been observed in Ridge Regression

The r2 score for both train and test set is nearly same.

1. For Lass regularization

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| LASSO | Train r2 score | Test r2 score | predictor variables | Total features |
| alpha -100 | 0.9391 | 0.9088 | GrLivArea OverallQual TotalBsmtSF YearBuilt Neighborhood\_StoneBr BsmtFinSF1 | 113 |
| double alpha - 200 | 0.9299 | 0.9057 | GrLivArea OverallQual TotalBsmtSF BsmtFinSF1 SaleType\_New Neighborhood\_StoneBr | 80 |

The feature selection has been reduced to 8 when alpha is doubled

R2 score for both train and test are reduced a bit

**The important predictor for double alpha is** –

For Lasso: **GrLivArea hold the most critical predictor**

|  |  |
| --- | --- |
| Features | Coefficients |
| GrLivArea | 143677.7308 |
| OverallQual\_Very Excellent | 72510.02131 |
| OverallQual\_Excellent | 70609.93302 |
| TotalBsmtSF | 49834.30396 |
| OverallQual\_Very Good | 30687.77902 |
| BsmtFinSF1 | 27846.30744 |
| SaleType\_New | 24692.083 |
| Neighborhood\_StoneBr | 22515.97474 |
| GarageArea | 21414.38194 |
| LotArea | 17649.26023 |

Foe Ridge : **GrLivArea hold the most critical predictor**

|  |  |
| --- | --- |
| Features | Coefficients |
| GrLivArea | 70853.4449 |
| OverallQual\_Excellent | 49865.57612 |
| OverallQual\_Very Excellent | 47381.66491 |
| TotalBsmtSF | 46903.82524 |
| BsmtFinSF1 | 37928.83433 |
| Neighborhood\_StoneBr | 31851.60119 |
| LotArea | 25572.1849 |
| GarageArea | 23901.04977 |
| OverallQual\_Very Good | 23341.87713 |
| SaleType\_New | 23092.25569 |

**Question 2**

You have determined the optimal value of lambda for ridge and lasso regression during the assignment. Now, which one will you choose to apply and why?

Answer:

**Lasso Regression** is selected over Ridge

1. Total number of features post model is reduced 269 in case of Ridge and 113 in case of Lasso. Lasso able to remove the high collinearity features and also the features having no impact
2. The measuring metrics r2 score for training and test set data is better for Lasso as compared to Ridge. The difference of r2 score in train and test data is less in Lasso.
   1. r2 score for ridge for train and test data is 0.9483 and 0.8926
   2. r2 score for Lasso for train and test is 0.9391 and 0.9088
3. The computation time also reduces for the model as the features and the coefficients value are reduced as compared to Ridge

**Question 3**

After building the model, you realised that the five most important predictor variables in the lasso model are not available in the incoming data. You will now have to create another model excluding the five most important predictor variables. Which are the five most important predictor variables now?

Answer:

The 5 most important predictor in the lasso model is - **'GrLivArea', 'OverallQual\_Very Excellent', 'OverallQual\_Excellent', 'TotalBsmtSF' and ‘YearBuilt'**

Removing these features from the data set of model input and rebuilding the lasso model

1. Optimal value of alpha is 50
2. New important features –
   1. **BsmtFinSF1**
   2. **BsmtUnfSF**
   3. **Neighborhood\_StoneBr**
   4. **2ndFlrSF**
   5. **BsmtFinSF2**

**Question 4**

How can you make sure that a model is robust and generalisable? What are the implications of the same for the accuracy of the model and why?