

# Machine Learning Engineer Nanodegree

## Model Evaluation & Validation

### Project 1: Predicting Boston Housing Prices

Welcome to the first project of the Machine Learning Engineer Nanodegree! In this notebook, some template code has already been written. You will need to implement additional functionality to successfully answer all of the questions for this project. Unless it is requested, do not modify any of the code that has already been included. In this template code, there are four sections which you must complete to successfully produce a prediction with your model. Each section where you will write code is preceded by a **STEP X** header with comments describing what must be done. Please read the instructions carefully!

In addition to implementing code, there will be questions that you must answer that relate to the project and your implementation. Each section where you will answer a question is preceded by a **QUESTION X** header. Be sure that you have carefully read each question and provide thorough answers in the text boxes that begin with "**Answer:**". Your project submission will be evaluated based on your answers to each of the questions.

A description of the dataset can be found [here \(https://archive.ics.uci.edu/ml/datasets/Housing\)](https://archive.ics.uci.edu/ml/datasets/Housing), which is provided by the **UCI Machine Learning Repository**.

## Getting Started

To familiarize yourself with an iPython Notebook, **try double clicking on this cell**. You will notice that the text changes so that all the formatting is removed. This allows you to make edits to the block of text you see here. This block of text (and mostly anything that's not code) is written using Markdown (<http://daringfireball.net/projects/markdown/syntax>), which is a way to format text using headers, links, italics, and many other options! Whether you're editing a Markdown text block or a code block (like the one below), you can use the keyboard shortcut **Shift + Enter** or **Shift + Return** to execute the code or text block. In this case, it will show the formatted text.

Let's start by setting up some code we will need to get the rest of the project up and running. Use the keyboard shortcut mentioned above on the following code block to execute it. Alternatively, depending on your iPython Notebook program, you can press the **Play** button in the hotbar. You'll know the code block executes successfully if the message *"Boston Housing dataset loaded successfully!"* is printed.

```
In [1]: # Importing a few necessary libraries
import numpy as np
import matplotlib.pyplot as plt
from sklearn import datasets
from sklearn.tree import DecisionTreeRegressor

# Make matplotlib show our plots inline (nicely formatted in the notebook)
%matplotlib inline

# Create our client's feature set for which we will be predicting a selling price
CLIENT_FEATURES = [[11.95, 0.00, 18.100, 0, 0.6590, 5.6090, 90.00, 1.385, 24, 680.0, 20.20, 332.09, 12.13]]

# Load the Boston Housing dataset into the city_data variable
city_data = datasets.load_boston()

# Initialize the housing prices and housing features
housing_prices = city_data.target
housing_features = city_data.data

print "Boston Housing dataset loaded successfully!"
```

Boston Housing dataset loaded successfully!

## Statistical Analysis and Data Exploration

In this first section of the project, you will quickly investigate a few basic statistics about the dataset you are working with. In addition, you'll look at the client's feature set in `CLIENT_FEATURES` and see how this particular sample relates to the features of the dataset. Familiarizing yourself with the data through an explorative process is a fundamental practice to help you better understand your results.

### Step 1

In the code block below, use the imported numpy library to calculate the requested statistics. You will need to replace each `None` you find with the appropriate numpy coding for the proper statistic to be printed. Be sure to execute the code block each time to test if your implementation is working successfully. The print statements will show the statistics you calculate!

```
In [2]: # Number of houses in the dataset
total_houses = np.size(housing_features, 0)

# Number of features in the dataset
total_features = housing_features.shape[1]

# Minimum housing value in the dataset
minimum_price = np.min(housing_prices)

# Maximum housing value in the dataset
maximum_price = np.max(housing_prices)

# Mean house value of the dataset
mean_price = np.mean(housing_prices)

# Median house value of the dataset
median_price = np.median(housing_prices)

# Standard deviation of housing values of the dataset
std_dev = np.std(housing_prices)

# Show the calculated statistics
print "Boston Housing dataset statistics (in $1000's):\n"
print "Total number of houses:", total_houses
print "Total number of features:", total_features
print "Minimum house price:", minimum_price
print "Maximum house price:", maximum_price
print "Mean house price: {0:.3f}".format(mean_price)
print "Median house price:", median_price
print "Standard deviation of house price: {0:.3f}".format(std_dev)
```

Boston Housing dataset statistics (in \$1000's):

Total number of houses: 506  
Total number of features: 13  
Minimum house price: 5.0  
Maximum house price: 50.0  
Mean house price: 22.533  
Median house price: 21.2  
Standard deviation of house price: 9.188

## Question 1

As a reminder, you can view a description of the Boston Housing dataset [here](https://archive.ics.uci.edu/ml/datasets/Housing) (<https://archive.ics.uci.edu/ml/datasets/Housing>), where you can find the different features under **Attribute Information**. The MEDV attribute relates to the values stored in our housing\_prices variable, so we do not consider that a feature of the data.

*Of the features available for each data point, choose three that you feel are significant and give a brief description for each of what they measure.*

Remember, you can **double click the text box below** to add your answer!

### Answer:

1. CRIM per capita crime rate by town - Crime rate drive the good and stable neighborhood. So CRIM is low this will make neighborhood stable and house prices adjust accordingly.
2. NOX nitric oxides concentration (parts per 10 million) - Nitric oxides concentration in air are linked to lung inflammation which could lead to lung cancer or other desease.
3. TAX full-value property-tax rate per \$10,000 - Tax rate another feature people use to decide buying a house. They look for Tax rate low but there are other feature to consider before this feature.

## Question 2

*Using your client's feature set CLIENT\_FEATURES, which values correspond with the features you've chosen above?*

**Hint:** Run the code block below to see the client's data.

```
In [3]: print CLIENT_FEATURES  
[[11.95, 0.0, 18.1, 0, 0.659, 5.609, 90.0, 1.385, 24, 680.0, 20.2, 332.09, 12.13]]
```

### Answer:

1. CRIM - 11.95
2. NOX - 0.659
3. TAX - 680.0

# Evaluating Model Performance

In this second section of the project, you will begin to develop the tools necessary for a model to make a prediction. Being able to accurately evaluate each model's performance through the use of these tools helps to greatly reinforce the confidence in your predictions.

## Step 2

In the code block below, you will need to implement code so that the `shuffle_split_data` function does the following:

- Randomly shuffle the input data `X` and target labels (housing values) `y`.
- Split the data into training and testing subsets, holding 30% of the data for testing.

If you use any functions not already accessible from the imported libraries above, remember to include your import statement below as well!

Ensure that you have executed the code block once you are done. You'll know the `shuffle_split_data` function is working if the statement *"Successfully shuffled and split the data!"* is printed.

```
In [4]: # Put any import statements you need for this code block here
# Importing a necessary library
from sklearn.cross_validation import train_test_split

def shuffle_split_data(X, y):
    """ Shuffles and splits data into 70% training and 30% testing subsets,
        then returns the training and testing subsets. """

    # Shuffle and split the data
    X_train, X_test, y_train, y_test = train_test_split(X, y, test_size=0.30)
    #X_train = None
    #y_train = None
    #X_test = None
    #y_test = None

    # Return the training and testing data subsets
    return X_train, y_train, X_test, y_test

# Test shuffle_split_data
try:
    X_train, y_train, X_test, y_test = shuffle_split_data(housing_features, housing_prices)
    print "Successfully shuffled and split the data!"
except:
    print "Something went wrong with shuffling and splitting the data."
```

Successfully shuffled and split the data!

## Question 3

*Why do we split the data into training and testing subsets for our model?*

**Answer:** Splitting training and testing data provides a method to make sure our function is not trained for all data and any new data is surprise for that rather testing data makes sure for better performance if an unseen data comes to function. Testing data also serves as checks for overfitting problem.

## Step 3

In the code block below, you will need to implement code so that the `performance_metric` function does the following:

- Perform a total error calculation between the true values of the y labels `y_true` and the predicted values of the y labels `y_predict`.

You will need to first choose an appropriate performance metric for this problem. See [the sklearn metrics documentation \(http://scikit-learn.org/stable/modules/classes.html#sklearn-metrics-metrics\)](http://scikit-learn.org/stable/modules/classes.html#sklearn-metrics-metrics) to view a list of available metric functions. **Hint:** Look at the question below to see a list of the metrics that were covered in the supporting course for this project.

Once you have determined which metric you will use, remember to include the necessary import statement as well!

Ensure that you have executed the code block once you are done. You'll know the `performance_metric` function is working if the statement *"Successfully performed a metric calculation!"* is printed.

```
In [5]: # Put any import statements you need for this code block here
# Importing a necessary library
from sklearn import metrics

def performance_metric(y_true, y_predict):
    """ Calculates and returns the total error between true and predicted values
        based on a performance metric chosen by the student. """

    error = metrics.mean_squared_error(y_true, y_predict)
    return error

# Test performance_metric
try:
    total_error = performance_metric(y_train, y_train)
    print "Successfully performed a metric calculation!"
except:
    print "Something went wrong with performing a metric calculation."
```

Successfully performed a metric calculation!

## Question 4

Which performance metric below did you find was most appropriate for predicting housing prices and analyzing the total error. Why?

- Accuracy
- Precision
- Recall
- F1 Score
- Mean Squared Error (MSE)
- Mean Absolute Error (MAE)



**Answer:**

- Mean Squared Error (MSE) - The student data for prediction is a regression model and MSE is a tool for regression. MSE of an estimator measures the average of the squares of the errors or deviations, a risk metric corresponding to the expected value of the squared error loss or loss. MSE incorporates both the variance of the estimator and its bias.

## Step 4 (Final Step)

In the code block below, you will need to implement code so that the `fit_model` function does the following:

- Create a scoring function using the same performance metric as in **Step 2**. See the [sklearn make\\_scorer documentation \(http://scikit-learn.org/stable/modules/generated/sklearn.metrics.make\\_scorer.html\)](http://scikit-learn.org/stable/modules/generated/sklearn.metrics.make_scorer.html).
- Build a GridSearchCV object using regressor, parameters, and scoring\_function. See the [sklearn documentation on GridSearchCV \(http://scikit-learn.org/stable/modules/generated/sklearn.grid\\_search.GridSearchCV.html\)](http://scikit-learn.org/stable/modules/generated/sklearn.grid_search.GridSearchCV.html).

When building the scoring function and GridSearchCV object, *be sure that you read the parameters documentation thoroughly*. It is not always the case that a default parameter for a function is the appropriate setting for the problem you are working on.

Since you are using sklearn functions, remember to include the necessary import statements below as well!

Ensure that you have executed the code block once you are done. You'll know the `fit_model` function is working if the statement *"Successfully fit a model to the data!"* is printed.

```
In [6]: # Put any import statements you need for this code block
# Importing necessary library
from sklearn.metrics import make_scorer
from sklearn.metrics import mean_squared_error
from sklearn.grid_search import GridSearchCV

def fit_model(X, y):
    """ Tunes a decision tree regressor model using GridSearchCV on the
    input data X
        and target labels y and returns this optimal model. """

    # Create a decision tree regressor object
    regressor = DecisionTreeRegressor()

    # Set up the parameters we wish to tune
    parameters = {'max_depth':(1,2,3,4,5,6,7,8,9,10)}

    # Make an appropriate scoring function
    scoring_function = make_scorer(mean_squared_error, greater_is_better
    =False)

    # Make the GridSearchCV object
    reg = GridSearchCV(estimator=regressor, param_grid=parameters, scori
    ng=scoring_function, cv=10)

    # Fit the learner to the data to obtain the optimal model with tuned
    parameters
    reg.fit(X, y)

    # Return the optimal model
    return reg.best_estimator_

# Test fit_model on entire dataset
try:
    reg = fit_model(housing_features, housing_prices)
    print "Successfully fit a model!"
except:
    print "Something went wrong with fitting a model."
```

Successfully fit a model!

## Question 5

*What is the grid search algorithm and when is it applicable?*

**Answer:** Grid Search is an algorithm which searches for estimator parameters. Parameters that are not directly learned from estimator can be set by searching a parameter space for the best score. Typical examples include C, kernel and gamma for Support Vector Classifier, alpha for Lasso, etc.

## Question 6

*What is cross-validation, and how is it performed on a model? Why would cross-validation be helpful when using grid search?*

**Answer:** Cross-Validation is a model evaluation method. In cross validation, a subset of data from dataset is kept for testing purpose and rest of the data is used for training. Once the training is completed the subset of data for test is used to test the performance of the learned model. To maximize the cross validation benefit, data is divided in k number of subsets. One subset is kept for training and other k-1 subset can be used for training. The same process can be repeated k times choosing different subset each time and rest of them for training. After all test, take the average of all test and that will be optimized result. This avoids the overfitting problem. GridSearchCV is a way of systematically working through multiple combinations of parameter tunes, cross-validating as it goes to determine which tune gives the best performance. GridSearchCV implements a “fit” and a “score” method. It also implements “predict”, “predict\_proba”, “decision\_function”, “transform” and “inverse\_transform” if they are implemented in the estimator used. The parameters of the estimator used to apply these methods are optimized by cross-validated grid-search over a parameter grid.

# Checkpoint!

You have now successfully completed your last code implementation section. Pat yourself on the back! All of your functions written above will be executed in the remaining sections below, and questions will be asked about various results for you to analyze. To prepare the **Analysis** and **Prediction** sections, you will need to initialize the two functions below. Remember, there's no need to implement any more code, so sit back and execute the code blocks! Some code comments are provided if you find yourself interested in the functionality.

```

In [15]: def learning_curves(X_train, y_train, X_test, y_test):
    """ Calculates the performance of several models with varying sizes
    of training data.
    The learning and testing error rates for each model are then plo
    tted. """

    print "Creating learning curve graphs for max_depths of 1, 3, 6, and
    10. . ."

    # Create the figure window
    fig = pl.figure(figsize=(10,8))

    # We will vary the training set size so that we have 50 different si
    zes
    sizes = np.rint(np.linspace(1, len(X_train), 50)).astype(int)
    train_err = np.zeros(len(sizes))
    test_err = np.zeros(len(sizes))

    # Create four different models based on max_depth
    for k, depth in enumerate([1,3,6,10]):

        for i, s in enumerate(sizes):

            # Setup a decision tree regressor so that it learns a tree w
            ith max_depth = depth
            regressor = DecisionTreeRegressor(max_depth = depth)

            # Fit the learner to the training data
            regressor.fit(X_train[:s], y_train[:s])

            # Find the performance on the training set
            train_err[i] = performance_metric(y_train[:s], regressor.pre
            dict(X_train[:s]))

            # Find the performance on the testing set
            test_err[i] = performance_metric(y_test, regressor.predict(X
            _test))

        # Subplot the learning curve graph
        ax = fig.add_subplot(2, 2, k+1)
        ax.plot(sizes, test_err, lw = 2, label = 'Testing Error')
        ax.plot(sizes, train_err, lw = 2, label = 'Training Error')
        ax.legend()
        ax.set_title('max_depth = %s'%(depth))
        ax.set_xlabel('Number of Data Points in Training Set')
        ax.set_ylabel('Total Error')
        ax.set_xlim([0, len(X_train)])

    # Visual aesthetics
    fig.suptitle('Decision Tree Regressor Learning Performances', fontsi
    ze=18, y=1.03)
    fig.tight_layout()
    fig.show()

```



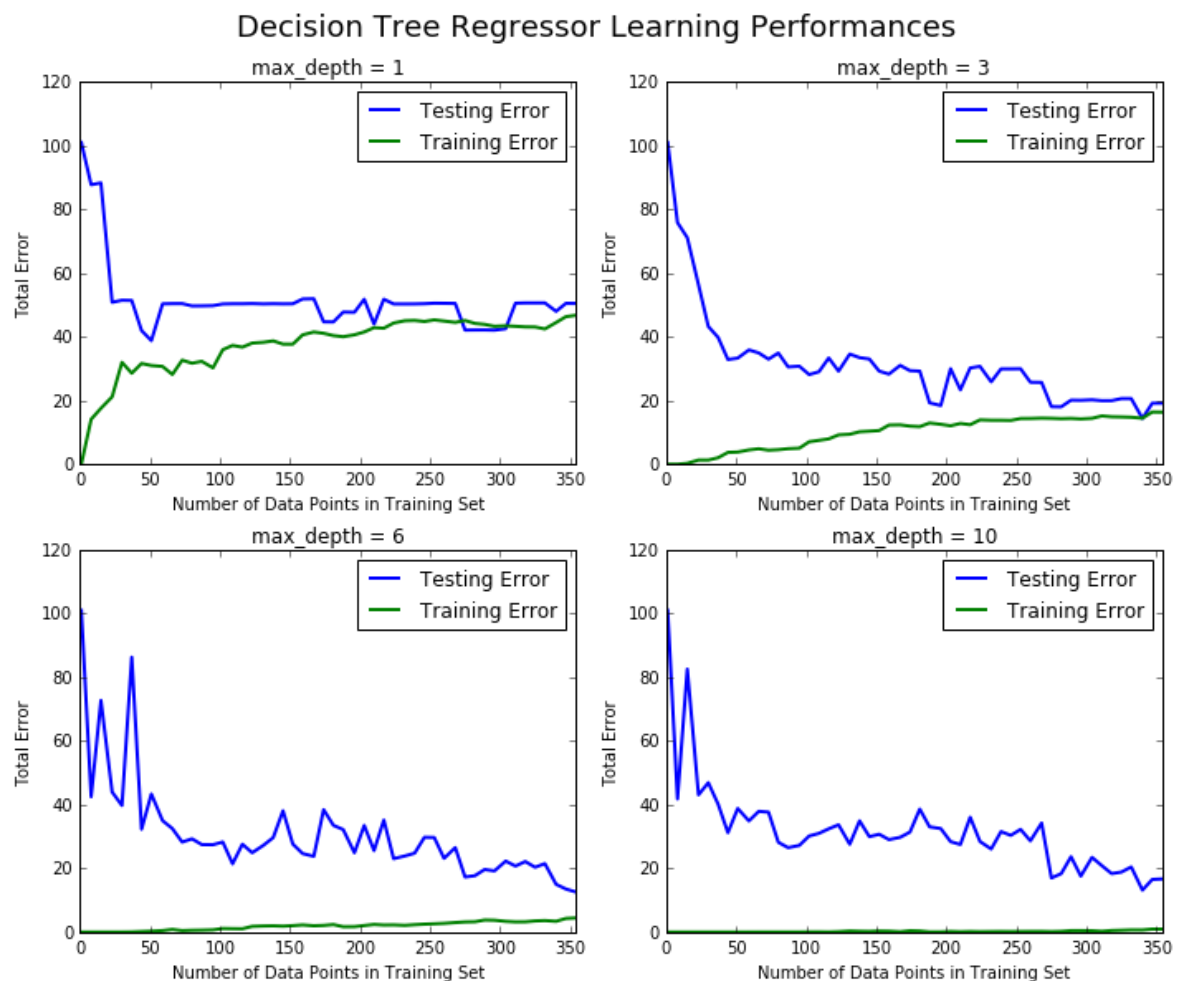
```
In [16]: def model_complexity(X_train, y_train, X_test, y_test):  
    """ Calculates the performance of the model as model complexity increases.  
        The learning and testing errors rates are then plotted. """  
  
    print "Creating a model complexity graph. . . "  
  
    # We will vary the max_depth of a decision tree model from 1 to 14  
    max_depth = np.arange(1, 14)  
    train_err = np.zeros(len(max_depth))  
    test_err = np.zeros(len(max_depth))  
  
    for i, d in enumerate(max_depth):  
        # Setup a Decision Tree Regressor so that it learns a tree with  
        depth d  
        regressor = DecisionTreeRegressor(max_depth = d)  
  
        # Fit the learner to the training data  
        regressor.fit(X_train, y_train)  
  
        # Find the performance on the training set  
        train_err[i] = performance_metric(y_train, regressor.predict(X_train))  
  
        # Find the performance on the testing set  
        test_err[i] = performance_metric(y_test, regressor.predict(X_test))  
  
    # Plot the model complexity graph  
    pl.figure(figsize=(7, 5))  
    pl.title('Decision Tree Regressor Complexity Performance')  
    pl.plot(max_depth, test_err, lw=2, label = 'Testing Error')  
    pl.plot(max_depth, train_err, lw=2, label = 'Training Error')  
    pl.legend()  
    pl.xlabel('Maximum Depth')  
    pl.ylabel('Total Error')  
    pl.show()
```

# Analyzing Model Performance

In this third section of the project, you'll take a look at several models' learning and testing error rates on various subsets of training data. Additionally, you'll investigate one particular algorithm with an increasing `max_depth` parameter on the full training set to observe how model complexity affects learning and testing errors. Graphing your model's performance based on varying criteria can be beneficial in the analysis process, such as visualizing behavior that may not have been apparent from the results alone.

```
In [17]: learning_curves(X_train, y_train, X_test, y_test)
```

Creating learning curve graphs for `max_depths` of 1, 3, 6, and 10. . .



## Question 7

Choose one of the learning curve graphs that are created above. What is the max depth for the chosen model? As the size of the training set increases, what happens to the training error? What happens to the testing error?



**Answer:** There are four Learning curve graphs are created for max\_depth of 1, 3, 6 and 10 respectively. If I choose the third graph, it has max\_depth = 6. As the size of the training set increase, training error pretty much stabilizes and not change much. The is the same case for testing error too, testing error stabilizes and don't change much with the size of the training set. This is a case of underfitting where training set increase don't make any difference for training error or testing error.

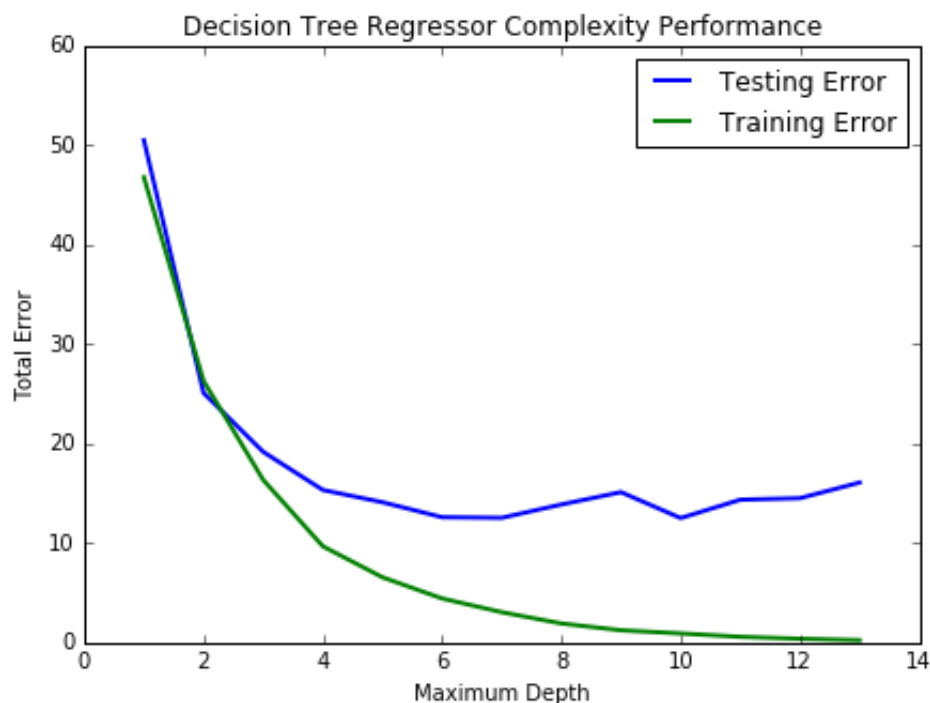
## Question 8

*Look at the learning curve graphs for the model with a max depth of 1 and a max depth of 10. When the model is using the full training set, does it suffer from high bias or high variance when the max depth is 1? What about when the max depth is 10?*

**Answer:** When model is using full training set for max\_depth of 1, it suffers from high bias. Both training and testing error converge quite high. Model is clearly showing no impact of increase training set, the training error remain same. This is a classic example of underfitting. When model is using full training set for max\_depth of 10, it suffers from high variance. We have a large gap between training and testing error which shows variance.

```
In [18]: model_complexity(X_train, y_train, X_test, y_test)
```

Creating a model complexity graph. . .



## Question 9

*From the model complexity graph above, describe the training and testing errors as the max depth increases. Based on your interpretation of the graph, which max depth results in a model that best generalizes the dataset? Why?*

**Answer:** Based on complexity graphs, As the max depth increases, initially both training and testing error go down but at some point around max depth of 6, the testing error remain same, even increases slightly. But training error keeps going down and at around max depth of 13, it minimizes the training error. Around max depth of 6 or 7 the testing error starts increasing. I guess that is the best depth where dataset generalizes best.

## Model Prediction

In this final section of the project, you will make a prediction on the client's feature set using an optimized model from `fit_model`. When applying grid search along with cross-validation to optimize your model, it would typically be performed and validated on a training set and subsequently evaluated on a **dedicated test set**. In this project, the optimization below is performed on the *entire dataset* (as opposed to the training set you made above) due to the many outliers in the data. Using the entire dataset for training provides for a less volatile prediction at the expense of not testing your model's performance.

*To answer the following questions, it is recommended that you run the code blocks several times and use the median or mean value of the results.*

## Question 10

*Using grid search on the entire dataset, what is the optimal max\_depth parameter for your model? How does this result compare to your initial intuition?*

**Hint:** Run the code block below to see the max depth produced by your optimized model.

```
In [19]: print "Final model has an optimal max_depth parameter of", reg.get_params()['max_depth']
```

Final model has an optimal max\_depth parameter of 7

**Answer:** Optimal max\_depth parameter of model is 7. My intuition was very close as I was expecting max\_depth parameter as 6 or 7.

## Question 11

*With your parameter-tuned model, what is the best selling price for your client's home? How does this selling price compare to the basic statistics you calculated on the dataset?*

**Hint:** Run the code block below to have your parameter-tuned model make a prediction on the client's home.

```
In [21]: sale_price = reg.predict(CLIENT_FEATURES)
         print "Predicted value of client's home: {0:.3f}".format(sale_price[0])

Predicted value of client's home: 19.997
```

**Answer:** Best selling price for client home predicted as: 19.997 The predicted value comes very close to the mean and median value of the house which is 22.533 and 21.2 respectively.

## Question 12 (Final Question):

*In a few sentences, discuss whether you would use this model or not to predict the selling price of future clients' homes in the Greater Boston area.*

**Answer:** I think this model is predicting very close to what we calculated as basic statistics from dataset. I would use this model and prediction to predict the selling price of future client's home. With the less data as an example it was easy to use basic statistics but if the actual data is very big it will be very complex to do that. At that time this prediction model will be easy to predict housing prices very quickly.